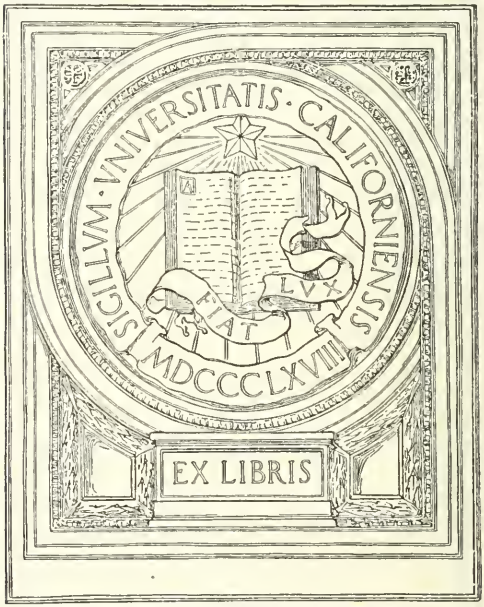
MONEY AND PROSPERITY

BY

C. H. S. LITTLETON

UNIVERSITY OF CALIFORNIA
AT LOS ANGELES



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TO THOSE WHO ARE IN WANT OF THE NECESSARIES OF LIFE; TO THOSE WHO HAVE ACQUIRED WEALTH AND LOST IT; TO THE PRODUCING AND INDUSTRIAL CLASSES GENERALLY, THIS BOOK IS DEDICATED.

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INTRODUCTORY

SINCE the demonetization of silver in 1873, no political issue has been so frequently and thoroughly discussed as the money question. Having its origin in the West and South, the rising tide of debate swept eastward, until it culminated in the fiercely contested campaign of 1896. In this test of strength the advocates of the gold standard were accorded the honors of an apparent victory; but when it is remembered that no less than six million five hundred thousand voters registered at the polls their approval of bimetallism, it will be readily seen that the so-called victory cannot in any sense be regarded as a popular one. Moreover, it must be admitted that this primary trial of strength has in no degree abated the vigor which at the time of the candidacy of Hon. William J. Bryan characterized the efforts of the champions of bimetallism to restore silver to the legal ratio of sixteen to one.

It is generally admitted that our present monetary system must speedily be corrected. The advocates of

the gold standard have numerous plans to offer, but not one that will increase the supply of full redemption money. Bankers demand bank issues of paper money. Such currency, however, would be only credit money. What the people of the United States need and must have before general prosperity is again established, is an increase in the full legal-tender metallic money. In order to secure this increase bimetallists propose that our mints shall again be opened to the free, unlimited, and independent coinage of both gold and silver at the constitutional ratio of sixteen to one, without waiting for the consent or co-operation of other nations.

Money is a common medium of exchange and a measure of values. Increasing the circulating supply of a country, the demand for money remaining the same, necessarily decreases the value of money by lessening its purchasing power, and thus increases the price of goods and property. If the supply is not increased, in proportion to the requirements of the people and the increase of population, money will rise in value,—that is to say, its purchasing power will be increased, and all goods and property will correspondingly fall in price.

Between 1850 and 1870 the American people enjoyed great prosperity, and during this period we

find a reduction in the cost of many commodities,—a reduction as great, or greater, generally speaking, than that witnessed in subsequent years. Despite this fact, however, we had rising prices during that time; while since 1873 general prices have fallen fifty per cent.

The creditor classes are benefited by an increase in the value of money, and the producing and business classes generally are benefited by an increase in the value of the things for which money exchanges. Lowering the cost of production implies an increase of industrial undertakings, more employment, better wages, and a greater demand for commodities. Our merchants and tradesmen in every branch of business should feel its happy effects; but a constant fall in prices is disastrous to every branch of industry, and to the debtor class in particular.

Until rightly settled, the money question is, and will continue to be, paramount to all other political issues.

There must be something wrong with the laws of this republic, else there would not be men, women, and children starving for the necessaries of life; there would not be honest and willing hands seeking employment without finding it; there would be no cry of distress in this great land of ours if laws had been enacted protecting the interests of all alike, rather than the interests of the few.

MONEY AND PROSPERITY

CHAPTER I

VALUE OF MONEY

Man in supplying most of his needs can exercise some choice in selection. If an article desired be too scarce or dear he can choose something else, but there is no substitute for money. No matter how high the value of money may be, the people must have it to procure food, clothing, and shelter.

From time immemorial mankind has recognized the necessity of accepting some common medium of general exchange. Among the barbarians of the ancient world this medium consisted of horses, cattle, skins, and weapons of warfare; and a similar method of exchange still prevails among savage races to-day. We learn in the Homeric poems that the arms of Diomed were worth nine oxen; and in the ancient German codes law penalties are defined as representing specified numbers of live-stock. Leather circulated as money in Russia during the time of Peter the Great.

We also find that articles of adornment, as jewels and the like, have circulated as money. Wampumpeag, consisting of beads made of black and white shells formed into necklaces and belts, was not only used as currency by the North American Indians, but for many years was used for the same purpose by early white settlers.

The governor of the plantations of Virginia, in 1618, ordered that tobacco should be received at the rate of three shillings for the pound weight, and prescribed for those who did not comply with this order a penalty of three years at hard labor. In 1732 the Legislature of Maryland declared Indian corn and tobacco legal tender. Platinum, tin, lead, and iron have also been used as currency. There are, however, several objections to the use of platinum for money. In appearance it is inferior to silver, and the cost of making it into coins is very great, owing to the difficulty of melting it. Tin and lead are too soft; and coins made from iron would soon lose their impressions by rusting. Copper and nickel are largely used for minor coins. Gold and silver are spoken of as the precious metals because they are beautiful in appearance, susceptible of good impressions by mintage, easily worked, and can readily be detected when counterfeited; they are not found in unlimited quantities

like iron, and all civilized nations have become familiar with their use as currency. Money is a creation of law. Congress has the power to "coin money and regulate the value thereof," which means that when money becomes too dear or scarce Congress should coin more dollars, and if too cheap or plentiful should coin fewer.

Man can satisfy all his wants only by his own labor or skill in making articles or parts of articles, or by rendering a specified service which he exchanges for money. With the money thus received he buys such things as he desires. The desire to possess is ever increasing, and, as population increases, the demand for money necessarily becomes greater each year. John Stuart Mill, in his well known work on Political Economy, says, "The value of money is, to appearance, an expression as precise, as free from possibility of misunderstanding, as any in science. The value of a thing is what it will exchange for; the value of money is what money will exchange for; the purchasing power of money. If prices are low, money will buy much of other things, and is of high value; if prices are high, it will buy little of other things, and is of low value. The value of money is inversely as general prices; falling as they rise, and rising as they fall." Vol. ii., page 25.

Again, he says, "If the whole money in circulation were doubled, prices would be doubled. If it were only increased one-fourth, prices would rise one-fourth. There would be one-fourth more money, all of which would be used to purchase goods of some description. When there had been time for the increased supply of money to reach all markets, or, according to the conventional metaphor, to permeate all the channels of circulation, all prices would have risen one-fourth. But the general rise of price is independent of this diffusing and equalizing process. Even if some prices were raised more and others less, the average rise would be one-fourth. This is a necessary consequence of the fact, that a fourth more money would have been given for only the same quantity of goods. *General* prices, therefore, would in any case be a fourth higher." Vol. ii., page 29.

A nation cannot exist without money, and the supply should be adequate at all times; to the extent of the insufficiency of the supply all industry and labor must suffer. Money is valuable not by virtue of being redeemable in a specified thing, but because it has the power to command. If gold should be demonetized by all nations, there would be at least fifty or sixty years' supply on hand for use in the arts. What, then, would become of its value?

All great wars have been fought on a paper money currency. During and after the Rebellion, until the resumption of specie payments, paper money was the only money in circulation in this country. Nations have preferred metallic money, based on the automatic * supply of the mines, though it leaves them when war breaks out. Creditors desire money based on a material which has commodity value, regardless of the fact that such value is given it by the fiat of the government commanding it to be coined into money.

It is frequently said "law cannot create value." This is true, for value is that for which a thing will exchange,—a mere relation. But law can create a demand for money by endowing it with legal tender functions, and commanding it to be received for dues and debts, both public and private.

After the Rebellion the question as to whether or not the government had the power to create money

* What is known as the automatic system, or rule, limits the volume of coin put into circulation by the quantity of the metals taken from the mines. The system is not scientific or perfect. When the mines are abundantly productive more bullion finds its way to the mints, and when the output materially falls off the annual supply of coin necessarily decreases. No nation has ever had too much full legal tender gold and silver money, and, judging from the past, never will have.

was fully discussed, and it was decided by the Supreme Court in the legal tender cases that the United States government had the power, according to the Constitution, to make full legal tender money of paper or any other material, and that the courts could not question monetary laws enacted by Congress.

Money should not be confounded with wealth, the product of labor, for money is essentially a general medium of exchange, a means for the transmutation of wealth from one form to another. Cheapening or increasing the value of money, the demand remaining the same, means increasing or decreasing the amount in circulation; it means increasing or decreasing the price of all goods and property. If prices are high, money will not buy much property or products of labor. If prices are low, it will command much more of them. The amount of money in circulation, other things remaining the same, fixes prices. More money raises prices, less lowers them.

Distinction must be made between *exchange value* and *value in use*. The air we breathe is valuable in use, but it has no exchange value. Most commodities have exchange value and value in use. A coat and a gold watch have exchange value as well as value in use, for they may be exchanged for other objects or money; the coat is useful as an article of wearing

apparel, and the watch to keep the time of day. When the function of money is correctly understood it will be seen that money cannot possibly have intrinsic value. For instance, let us consider a gold brick in the form in which it finds its way to the mint. Viewed merely as a piece of metal it possesses nothing *in itself.* It cannot be used as a necessary of life, for we can neither eat nor drink it, nor will it *of itself* clothe or shelter us; as a medium of exchange, however, it will procure articles which will administer to our physical and mental requirements. Bullion, of course, can also be made to possess a certain amount of value in use by the labor of man. Thus, suppose the gold brick to be cut into two equal parts, one to be coined into money and the other to be used in the arts. The pieces of money coined would be valuable only by reason of their power of exchange, while the gold used in the making of watches, rings, and other articles of jewelry would, by being of practical utility, possess a value in use. In other words, commodities and property have both price and value,—exchange value and value in use; but money has exchange value only.

The value of gold and silver bullion depends upon the demand for the metals for use as coin and in the arts. There are about four billion dollars of gold in

the world coined into money, and to discontinue its use for currency and throw the whole amount on the market for use in the arts would deprive it of almost its entire value.

David Barbour, in "The Theory of Bimetallism," says, "Gold and silver owe almost the whole of their value to the fact that they can be converted into and used as money. If gold and silver were absolutely excluded from the currency of the world, their value would be greatly reduced, if it did not almost entirely cease to exist; and if either gold or silver were largely excluded from the currency of the world, the value of the metal so excluded would experience a very great fall."—*The Theory of Bimetallism*, chapter ii.

Mr. Macleod, in speaking of intrinsic value in his "Theory and Practice of Banking," says, "This unhappy phrase meets us at every turn in economics, and yet the slightest reflection will show that to define value to be something *external*, and then to be constantly speaking of *intrinsic* value, are utterly self-contradictory and inconsistent ideas. Thus over and over again it is repeated in economical treatises that money has intrinsic value, but that a bill of exchange or bank-note is only the representative of value. Money, no doubt, is the produce of labor, but, as Adam Smith observed, if it would exchange for

nothing it would have no value; so, M. Say says, that the value of gold and silver consists only in what they will buy. How, then, can its value be intrinsic? How can anything have intrinsic value unless it has *inside itself* the things it will exchange for? 'Money has intrinsic value!' Has a piece of money got the merchandise, and all the other things it will purchase, inside itself? Money will exchange for anything, corn, houses, horses, carriages, books, etc., and each of these is the value of money with respect to that commodity. But which of these is its intrinsic value? The incongruity of these ideas is so glaring that it is only necessary to call attention to it for it to be perceived at once. Yet from the very beginning of the science this phrase has infested it."—*Theory and Practice of Banking*, page 48.

Again, Mr. Macleod says, "Moreover, we see on considering the term value that it is nonsense to speak of the representative of value. *Value is a ratio—an external relation.* What can be the *representative* of a *ratio* or of an external relation? To say that money, because it is material and the produce of labor, has intrinsic value, and that a bank-note is only the representative of value, is just as absurd as to say that a wooden yard measure is *intrinsic* distance, and that the space of thirty-six inches between two points

is *representative* distance. It is of the first importance to economic science to exterminate this unhappy phrase 'intrinsic value,' which is clearly shown to be a contradiction in terms."—*Theory and Practice of Banking.*

Bailey, in his work on "The Nature of Value," says, "In the examination of the present subject, as discussed by those writers on whose doctrines I have ventured to animadvert, I have been forcibly struck with the vagueness, the inconsistencies, and the errors which have arisen from speaking of value as a sort of general and independent property; and I cannot too strongly recommend the student of political economy never to let the word value pass before him without putting the question, 'Value in what? or in relation to what?' The value of a commodity must be its value in something, and whenever the term is used with any definite meaning, that something may be assigned. If it cannot be assigned, the reader may rest assured that the author, whoever he be, is writing without any determinate ideas."—*The Nature of Value*, pages 34 and 35.

Professor Jevons, in "The Theory of Political Economy," says, "Value implies, in fact, a relation; but if so, it cannot possibly be *some other thing*. A student of economy has no hope of ever being clear and

correct in his ideas of the science if he thinks of value as at all a *thing* or *object*, or *even as anything which lies in a thing or object.*"—*The Theory of Political Economy*, page 82.

The same author, in his well-known work on "Money and the Mechanism of Exchange," very tersely remarks, "Value, like utility, is no intrinsic quality of a thing; it is an *extrinsic accident or relation.*"

The amount of labor expended in producing gold and silver bullion does not determine the value of money. To illustrate, suppose two artists each devote a month's labor in producing an oil-painting. One of them may command a thousand or more dollars, and the other possibly not more than ten dollars, though each might have spent an equal number of hours' labor on his picture. The demand for the pictures would determine their value, and not the amount of labor expended in producing them.

The supporters of the gold standard persistently assert that the true test of money is "fire;" that if you melt down a gold dollar the metal will be worth as much as the dollar before it was melted; but if you melt down a silver dollar, the value of the metal will be less than one-half the value of the silver dollar. Such nonsense enters into the arguments

addressed to those who do but little thinking for themselves. Of course, if you melt down a gold dollar the metal will be worth as much as before it was melted, because, the mints being opened to the free and unlimited coinage of gold, you can take the metal to the mints and have it coined into another gold dollar; but since 1873, when our mints were closed to the free coinage of silver, and with no great civilized nation giving free and unlimited coinage to the metal, it is absurd to expect it to maintain its former commercial value; besides, if silver were equal in value to gold, at the ratio of sixteen to one, and the silver dollar should be melted down, the mints would refuse to recoin it.

The beneficiaries and champions of the gold standard are constantly speaking of *intrinsic* value in the gold dollar, and it is one of their stock arguments that gold is preferable to silver, inasmuch as the so-called intrinsic value in the gold dollar is much greater at present than it is in the silver dollar. They contend that it is not the fiat of the government that gives the gold and the silver dollars value, but that their worth is owing to their intrinsic value,—that the value is inherent. Let us see how this idea will bear analysis. The gold dollar contains 23.2 grains of pure gold; the silver dollar 371¼ grains of pure

silver; a certain amount of alloy is added to give to each the requisite hardness and durability. It is obvious that the alloy in them is not considered in estimating their intrinsic value. If these dollars possess intrinsic value, and as the metals on which they are based are not of different degrees of purity, but pure, such value in its entirety at any given time would be 100 per cent. When silver was demonetized in 1873, the intrinsic value of gold and silver was 100 per cent.; they are now, and will remain, 100 per cent. The value of gold to-day, as measured in silver, is more than twice what it was in 1873.

The fallacious theory of intrinsic value in money has led many people to lose sight of the fact that gold and silver bullion derive their principal value from the use of the metal as money. Value is a mere relation of a thing as regards other things and the people in need of them. There are two factors which constitute value, human desire, with ability to reduce an object to possession, and limitation of the number of objects desired. The commercial value of gold, like other commodities, depends upon supply and demand. If the demand is continually increasing, the supply must be increased, or the value will constantly rise.

CHAPTER II

THE COST OF PRODUCTION OF THE MATERIAL FROM WHICH MONEY IS MADE DOES NOT DETERMINE ITS VALUE

Money, properly understood, is not a commodity. Gold and silver, when not coined, are commodities. The value of money depends principally upon supply and demand, and not upon cost of production of the material from which money is made.

General Walker, who is opposed to paper money, says, "The claim that greenbacks are not money in the fullest sense of that term, that they cannot do all in the way of measuring values, so called, which gold or silver may do, is untenable, and it can be of no advantage to any really sound cause to seek to maintain it."—*Money in its Relations to Trade and Industry*, preface.

Again, he says, "Money is to be known by its doing a certain work. Money is not gold, though gold may be money; sometimes gold is money and sometimes it is not. Money is no one thing, no group of many things having any material property in com-

mon. On the contrary, *anything may be money;* and anything, in a given time and place, is money which then and there performs a certain function. Always and everywhere that which does the money work is the money thing."

John Stuart Mill, in his "Political Economy," says, "From their durability, the total quantity in existence is at all times so great in proportion to the annual supply that the effect on value, even of a change in the cost of production, is not sudden; a very long time being required to diminish materially the quantity in existence, and even to increase it very greatly not being a rapid process."—*Political Economy*, Book III., chapter vii.

The value of gold and silver does not, for many reasons, depend upon the cost of production to the extent of other commodities. The cost of production has not been a factor in lowering their value. The demand for money has always been greater than the supply, and it is not conceivable that more of the metals can in the future be mined than will be needed for use as money and in the arts.

So-called statisticians and advocates of the gold standard have attempted to show that silver can be mined for fifty cents an ounce. No note is taken of the millions of dollars expended in unsuccessful at-

tempts to locate and develop mines. Expert miners claim that for every silver or gold dollar produced probably two have been expended. In mining coal, iron, or other metals, mining experts can form reliable opinions as to quantity and quality. Machinery and buildings can be erected and a safe and comparatively permanent paying business established. The mining of gold and silver, however, is more speculative.

The State Geologist of Colorado, Mr. T. A. Rickard, says, "Ore deposits are not inexhaustible. The average life of a productive mine can be measured on the fingers of one hand; and, therefore, any region to maintain its output must be sustained by fresh discoveries to keep pace with the exhaustion which creeps upon old producers. Such is no longer the case in silver-mining. The yield of Leadville is maintained because some of its ores carry a heavy percentage of lead as a by-product, and others contain iron in such proportion as to render the output of certain mines valuable as a flux in the smelting of silicious gold ores. The big veins of Creede are receiving only a half-hearted development. The wonderful bonanzas of Aspen have been sadly impoverished, and the mines of Rico are crippled by an insufficiency of exploratory work."—*North American Review* for April, 1896.

The cost of gold- and silver-mining cannot be determined from the output of one or two mines. An enormous amount of money is spent in prospecting, tunnelling mountains, and developing mines that never yield any return. Gold and silver are found in uneven veins and pockets. One blast has been known to blow out the last remnant of the "pay streak" in a mine, and reduce to poverty owners who, a moment before, thought themselves rich. The money spent in both gold- and silver-mines that do not pay is much greater than that spent in those that do pay.

CHAPTER III

IMPORTANCE OF STABILITY OF VALUE

Money, besides being a medium of exchange and a measure of values, is a standard for deferred payments; therefore, to be ideal, it should be absolutely invariable in character. Gold and silver are produced in limited quantities, and it is obvious that if we abandon the use of one as currency, while the demand remains the same, we necessarily double the value of the other. It is impossible to have a money standard absolutely invariable in value; but variations of a few cents in one metal, as measured by the other, are infinitely less harmful than for one to double in value and then continue to rise. Constantly increasing the value of money enormously benefits the creditor class at the expense of the debtor, who has to give up more to discharge an obligation.

Let us suppose that a man borrows five thousand dollars to-day, agreeing to pay it back at the expiration of ten years. The five thousand dollars at this time will buy a certain amount of goods and property at a certain price. When the obligation falls due, if prices should be higher, the borrower would pay back

the same number of dollars he originally received, but they would have less purchasing power, and the creditor would be the loser. If prices should be lower their purchasing power would be greater and the debtor would suffer.

Gold monometallists say they prefer the gold standard because it insures "stable" money. The gold dollar having doubled in value—that is to say, doubled in purchasing power—in the last twenty-five years establishes the fact that it is not a stable dollar. Those who possess money, or securities payable in money, know that when prices are falling they can obtain an increasing amount of the products of labor for each dollar; then, in the opinion of the creditor class, money is "stable," "sound," and "honest."

The ratio in which money exchanges for other commodities should be as nearly invariable as possible. As every change in the value of money upsets the prices of all kinds of property and causes more or less damage, according to the extent of the change, legislation should tend towards maintaining a uniform value of money.

All political economists and authorities on the money question admit the quantitative theory of money. Money commands all human needs. These needs are constantly increasing with increased popu-

lation and production, and the amount of money in circulation should be enlarged to meet the increased demands. The amount of money in circulation measures values; and if the amount is large the total value of all property, as expressed in dollars, will be correspondingly large. The amount of money in circulation, other things remaining the same, regulates the value of each dollar.

Ex-Secretary of the Treasury Fairchild, in addressing the Monetary Convention at Indianapolis, January 26, 1898, said, "A fact of civilization is, that men measure value by gold, and, whatever the standard named in law, men will continue to measure value by gold while the present civilized order endures."

The following statement of the Treasury shows the amount of money which the present Secretary claims was in circulation in the United States March 1, 1898:

Gold coin	$553,884,882
Standard silver dollars	59,020,904
Subsidiary silver	64,270,811
Gold certificates	36,440,789
Silver certificates	380,287,427
Treasury notes, Act July 14, 1890	98,464,430
United States notes	264,164,186
Currency certificates, Act June 8, 1872	48,430,000
National bank notes	221,413,230
Total	$1,726,376,659

According to Mr. Fairchild's claim, the value of all our products and property of every kind must be measured by $553,884,882 of gold, instead of the total amount of all kinds of money,—namely, $1,726,376,659.

When we reflect that nearly all the gold that is now being mined is used in the arts, it will be seen, by continuing to measure the value of all our property and commodities by the gold standard, that a failure to increase the supply of gold must result in a continued fall of prices.

The report of the Secretary of the Treasury makes it appear that the per capita circulation of money in the United States March 1, 1898, was $23.42. This is manifestly a false statement, for when we eliminate from our calculation the hoardings of banks and the amount of money destroyed, we will find the actual per capita to be less than $10. During the time of our Civil War the per capita circulation of the country amounted to about $65, and the people enjoyed general prosperity.

CHAPTER IV

THE FUNCTIONS OF MONEY

MONEY remedies the inconveniences of barter, and performs two distinct functions, acting as *a medium of exchange and a measure of values.* The baker having more bread than he needs would exchange some of it for meat; to save himself the trouble of hunting up some one who would give meat for bread, he exchanges his bread for money, and with the money buys meat; thus money acts as a medium of exchange and a common measure of value. When people began to borrow and lend, a third function of money developed,—a standard of value. Since all contracts and debts are based on the standard of value existing at the time, it is obvious that the standard should be as nearly invariable as possible. If it requires more of the products of labor to obtain the money necessary to discharge a debt, other conditions remaining the same, than it did when the debt was contracted, the debtor is the sufferer. If it requires less labor, the creditor is the loser.

Even in the time of Aristotle the function of money

was well understood. He says, "Intercourse takes place between people having different objects of desire. In order that they may be exchanged with each other it is necessary that they should be compared; for which purpose money came forward, and is, as it were, a medium, for it measures everything, both the excess and the defect; as, for instance, how many pairs of shoes will be equal to a house or to food; for if this is not done there will be no exchange or intercourse. All things, therefore, must be measured; but it is, in truth, want'—or demand—"which holds all things together, for if persons wanted nothing from each other, or not equally, there would be no exchange. *Money*, then, has been made, *by agreement* as it were, a substitute for demand, and is so called because *it exists not by nature but by law, and it is in our power to change it and make it useless for the purpose.* If it were not possible to exchange, there would be no commerce. If a man requires nothing at the present time, money is, as it were, a surety to him for a future exchange that it shall be made when he wants it. But money itself is not always of the same value, yet it has more tendency to remain fixed, wherefore everything ought to be appraised, for so there will be exchange. Money, *like a measure, makes things equal;* for if there were no exchange

there would be no intercourse, nor any exchange if there were no equality, nor any equality if there were no common measure. In truth, it is impossible that things differing so much should be commensurate, but for practical use it is sufficiently possible. Money makes all things commensurable, *for all things are measured by money*."

It is the function that gives most of the value to the material from which money is made, and not the material that gives value to the function. If every nation in the world should demonetize gold and silver, the metals would lose almost their entire value, and it is, therefore, absurd to claim that it is the material that gives them their value when used as money.

Money is a function rather than a material,—a creation of society, and without it society could not exist; it renders the exchange of each fractional part of an article as easy as the exchange of the whole. What blood is to the human body money is to the industrial body.

CHAPTER V

DEMONETIZATION OF SILVER

BIMETALLISM may be defined to be the free and unlimited coinage of both gold and silver into coins of full legal tender money of final payment and redemption, at a fixed ratio prescribed by Congress, with the value of each coin stamped thereon.

In the days of Washington and Jefferson, in 1792, Congress passed the first coinage law. The dollar was made the unit of value and the money of account. The silver dollar was to consist of three hundred and seventy-one and a quarter grains of pure silver, or four hundred and sixteen grains of standard silver. The gold dollar contained 24.75 grains of pure gold, or 27 grains of standard gold. A ratio was fixed between silver and gold at fifteen to one.

In 1834 the amount of gold in the gold dollar was decreased from 24.75 grains to 23.20 grains of pure gold, or 25.8 grains of standard gold, the ratio between gold and silver being changed from fifteen to one to 15.988, or sixteen, to one. In 1837 the gold in the gold dollar was changed from 23.20 to 23.22

grains. The standard weight of the gold dollar was left unchanged at 25.8. The same year, 1837, the standard weight of the silver dollar was reduced from four hundred and sixteen to four hundred and twelve and a half grains; but the amount of pure silver in the silver dollar was never changed from three hundred and seventy-one and a quarter grains of pure silver. In view of the fact that there appears to exist on the part of a few people a misapprehension of the term sixteen to one, it may be well to say that by it we are to understand that the silver in the silver dollar is sixteen times as heavy as the gold in the gold dollar.

The mints were open to the free coinage of both gold and silver until 1873, and both were full legal tender for all debts, both public and private. In 1873 silver was demonetized, and the following table, giving the ratio of silver to gold from 1792 to 1896, will show that there was in 1873 no fear of cheap silver dollars or of over-production of the metal.

Commercial Ratio of Silver to Gold from 1792 to 1896 Inclusive.

(From the United States Statistical Abstract, 1896.)

Year.	Ratio.	Year.	Ratio.	Year.	Ratio.	Year.	Ratio.
1792	15.17	1819	15.33	1846	15.90	1873	15.92
1793	15.00	1820	15.62	1847	15.80	1874	16.17
1794	15.37	1821	15.95	1848	15.85	1875	16.59
1795	15.55	1822	15.80	1849	15.78	1876	17.88
1796	15.65	1823	15.84	1850	15.70	1877	17.22
1797	15.41	1824	15.82	1851	15.46	1878	17.94
1798	15.59	1825	15.70	1852	15.59	1879	18.40
1799	15.74	1826	15.76	1853	15.33	1880	18.05
1800	15.68	1827	15.74	1854	15.33	1881	18.16
1801	15.46	1828	15.78	1855	15.38	1882	18.19
1802	15.26	1829	15.78	1856	15.38	1883	18.64
1803	15.41	1830	15.82	1857	15.27	1884	18.57
1804	15.41	1831	15.72	1858	15.38	1885	19.41
1805	15.79	1832	15.73	1859	15.19	1886	20.78
1806	15.52	1833	15.93	1860	15.29	1887	21.13
1807	15.43	1834	15.73	1861	15.50	1888	21.99
1808	16.08	1835	15.80	1862	15.35	1889	22.10
1809	15.96	1836	15.72	1863	15.37	1890	19.76
1810	15.77	1837	15.83	1864	15.37	1891	20.92
1811	15.53	1838	15.85	1865	15.44	1892	23.72
1812	16.11	1839	15.62	1866	15.43	1893	26.49
1813	16.25	1840	15.62	1867	15.57	1894	32.56
1814	15.04	1841	15.70	1868	15.59	1895	31.60
1815	15.26	1842	15.87	1869	15.60	1896	30.32
1816	15.28	1843	15 93	1870	15.57		
1817	15.11	1844	15.85	1871	15.57		
1818	15.35	1845	15.92	1872	15.63		

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When considering the money question, one should adhere to salient and decisive facts. The creditor class, and the gold standard press in particular, seldom refer to the past history of money and monetary laws, except either by generalities or misrepresentations. They have so often declared that there is a great over-production of silver that many quite honest and unsuspecting people actually believe it.

The following table from the Statistical Abstract of the United States, 1896, shows the amount of gold and silver produced in the world from 1851 to 1896 inclusive. By this it will be seen that during that time the production of gold exceeded that of silver by $1,484,872,600.

Production of Gold and Silver in the World from 1851 to 1896 Inclusive.

Calendar Years.	Gold.	Silver.
1851–1855	$662,566,000	$184,169,000
1856–1860	670,415,000	188,092,000
1861–1865	614,944,000	228,861,000
1866–1870	648,071,000	278,313,000
1871–1875	577,883,000	409,322,000
1876–1880	572,931,000	509,256,000
1881–1885	495,582,000	594,773,000
1886	106,163,900	120,626,800
1887	105,774,900	124,281,000
1888	110,196,900	140,706,400
1889	123,489,200	155,427,700
1890	118,848,700	163,032,000
1891	130,650,000	177,352,300
1892	146,815,100	198,014,400
1893	157,287,600	214,745,300
1894	180,626,100	216,892,200
1895	203,000,000	226,000,000
1896*	202,956,000	213,463,700
Total	$5,828,200,400	$4,343,327,800

* From the United States Mint Report for 1897.

When, in 1873, the United States closed the mints to the free and unlimited coinage of silver, the value of gold and silver had, for more than one hundred years, never varied more than three cents. At the time of this demonetization the value of silver bullion, as measured in gold at the ratio of sixteen to one, was actually about three per cent. higher than gold. The demonetization act was engineered slyly through Congress under the title, "An Act revising and amending the Laws Relative to Mints, Assay Offices, and Coinage of the United States." As neither gold nor silver was in circulation as currency at that time, it was comparatively easy for a few representatives of the money-changers to adroitly incorporate in the act a clause which cut off one-half of our money supply. This reads as follows: "The gold coins of the United States shall be a *one dollar* piece, which, at the standard weight of twenty-five and eight-tenths grains, shall be the unit of value." This is the act that demonetized silver.

Prior to this demonetization act, silver was admitted to the mints as freely as gold; but since *gold became the unit of value*, *silver* has been denied free coinage.

When the people learned that silver had been demonetized, and that when specie payments should be

resumed they would be practically on the single gold standard basis, they perceived that by unfair means they had been victimized by the creditor class, and resolved that silver should and must be restored to its proper place as currency. For twenty years bimetallists have shown how the producing and business classes have suffered and been defrauded by the demonetization of silver.

Mr. John G. Carlisle, of Kentucky, though now a gold standard advocate, in speaking of what is called "The crime of 1873," said, "According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy, by legislation and otherwise, from three-sevenths to one-half the metallic money in the world, is the most gigantic crime of this or any other age."

There is no doubt but that silver was surreptitiously demonetized by a few wily politicians who successfully deceived their colleagues in Congress, for most of the leading men in both the Senate and the House did not know that the bill would stop the free and unlimited coinage of the metal.

In January, 1868, Senator John Sherman, of Ohio, introduced in the Senate of the United States a bill which had for its object the demonetization of silver. This bill was never called up for action. Again, in

April, 1870, Senator Sherman introduced another bill which provided for the demonetization of silver. This passed the Senate, but when it reached the lower house it was killed by an amendment in the nature of a substitute.

Mr. Sherman, and a few others, undoubtedly knew the nature of the bill which demonetized silver in 1873. They engineered it so skilfully through Congress, however, that General Grant, who was then President, said afterwards that he did not realize until it was too late that silver was being demonetized by the act, and that if he had, he would not have signed the bill.

In a speech delivered in the Senate, January 10, 1878, Senator Beck said, "It—the bill demonetizing silver—never was understood by either House of Congress. I say that with full knowledge of the facts. No newspaper reporter—and they are the most vigilant men I ever saw in obtaining information—discovered that it had been done."

Senator Thurman, referring to the passage of this bill, said, "I cannot say what took place in the House, but know when the bill was pending in the Senate we thought it was simply a bill to reform the mint, regulate coinage, and fix up one thing and another, and there is not a single man in the Senate, I think, unless a member of the committee from which the

bill came, who had the slightest idea that it was even a squint towards demonetization."—*Congressional Record*, February 15, 1878.

The same day, February 15, 1878, the following discussion took place between Senators Voorhees and Blaine:

Mr. Voorhees: "I want to ask my friend from Maine, whom I am glad to designate in that way, whether I may call him as one more witness to the fact that it was not generally known whether silver was demonetized? Did he know, as Speaker of the House presiding at that time, that the silver dollar was demonetized in the bill to which he alludes?"

Mr. Blaine: "I did not know anything that was in the bill at all. As I have before said, little was known or cared on the subject. And now I should like to exchange questions with the Senator from Indiana, who was then on the floor, and whose business it was, far more than mine, to know, because by the designation of the House I was to put questions; the Senator from Indiana, then on the floor of the House, with his power as a debater, was to unfold them to the House. Did he know?"

Mr. Voorhees: "I very frankly say that I did not."

Mr. W. D. Kelley, of Pennsylvania, on March 9, 1878, in a speech made in the House of Representa-

tives, said, "In connection with the charge that I advocated the bill which demonetized the standard silver dollar, I say that, though the chairman of the Committee on Coinage, I was ignorant of the fact that it would demonetize the silver dollar or of its dropping the silver dollar from our system of coins, as were those distinguished Senators, Messrs. Blaine and Voorhees, who were then members of the House, and each of whom a few days since interrogated the other, 'Did you know it was dropped when the bill passed?' 'No,' said Mr. Blaine; 'did you?' 'No,' said Mr. Voorhees. 'I do not think that there were three members in the House that knew it. I doubt whether Mr. Hooper, who in my absence from the Committee on Coinage and attendance on the Committee on Ways and Means managed the bill, knew it. I say this in justice to him.'"—*Congressional Record*, Forty-fifth Congress, second session, page 1605.

Again, on May 10, 1879, Mr. Kelley said, "All I can say is that the Committee on Coinage, Weights, and Measures, who reported the original bill, were faithful and able and scanned its provisions closely; that as their organ I reported it; that it contained provision for both the standard silver dollar and the trade dollar. Never having heard until a long time after its enactment into law of the substitution in the

Senate of the section which dropped the standard dollar, I profess to know nothing of its history; but I am prepared to say that *in all the legislation of this country there is no mystery equal to the demonetization of the standard silver dollar of the United States.* I have never found a man who could tell just how it came about or why."—*Congressional Record*, Forty-sixth Congress, first session, page 1231.

In a speech made at Springfield, Ohio, in the autumn of 1877, General Garfield said, "Perhaps I ought to be ashamed to say so, but it is the truth to say that, at that time being chairman of the Committee on Appropriations and having my hands overfull during all that time with work, I never read the bill. I took it upon the faith of a prominent Democrat and a prominent Republican, and I do not know that I voted at all. There was no call of the yeas and nays, and nobody opposed that bill that I know of. It was put through, as dozens of bills are, as my friend and I know, in Congress, on the faith of the report of the chairman of the committee; therefore, I tell you, because it is the truth, that I have no knowledge about it."

The cutting off by illegal legislation of practically one-half the money supply has caused more idleness, more suffering, more almshouses, and greater loss to the people of this nation than our Civil War.

The student of political economy has only to turn back the pages of history to the decadence of the Roman empire in order to find that one of the primary causes of the fall of Rome, and the subsequent waning of civilization during the Dark Ages, was a shrinkage in the volume of money. During the early years of the Christian era the metallic money of the Roman empire amounted to no less than one billion eight hundred million dollars; but by the end of the fifteenth century there was only a comparatively small amount of metallic money in Europe, and most of this was hoarded in the caskets of princes and bankers, there being but little actual money in circulation. In view of this fact, the contention of some historians that the fall of the Roman empire was due to moral depravity and slavery appears to be not entirely correct. It cannot be maintained that the rapid disappearance of the money supply was not without a serious effect upon the civil and military resources of the empire.

Creditors, money-owners, and holders of fixed investments are, for a time, immensely benefited by the gold standard, which increases the purchasing power of a dollar, while the debtors and wealth-producing classes are injured. If the gold standard is maintained, there will come a time, however, when the creditor class must suffer, as a final effect of falling

prices. When business depression is carried beyond a certain point general dissolution sets in, as it did during the Dark Ages.

In a speech delivered in 1839, Abraham Lincoln said, "When one hundred millions, or more, of the circulation we now have shall be withdrawn, who can contemplate without terror the distress, ruin, bankruptcy, and beggary that must follow. The man who has purchased an article—say a horse—on credit, at one hundred dollars, when there are two hundred millions circulating in the country, if the quantity be reduced to one hundred millions by the arrival of pay day, will, other conditions remaining the same, find the horse but sufficient to pay half the debt; and the other half must either be paid out of his other means, and thereby become a clear loss to him, or go unpaid, and thereby become a clear loss to his creditor. What I have here said of a single case of the purchase of a horse will hold good in every case of debt existing at the time a reduction in the quantity of money occurs, by whomsoever and for whatsoever it may have been contracted. It may be said that what the debtor loses the creditor gains by this operation; but on examination this will be found true only to a very limited extent. It is more generally true that all lose by it,—the creditor by losing more of his debts than he gains

by the increased value of those he collects; the debtor by either parting with more of his property to pay his debts than he received in contracting them, or by entirely breaking up his business, and thereby being thrown upon the world in idleness."

It is not to be denied that since the demonetization of silver the American people have enjoyed at intervals a certain amount of prosperity. This fact, however, cannot be said to constitute a sound argument in favor of the single gold standard, for the reason that we find in the history of almost every monetary system which has been tested in modern times that short-lived periods of apparent prosperity oftentimes succeed corresponding periods of depression. At no time do we find in the history of the United States a period of prosperity so long and so unmistakable as that which extended from 1850 to the demonetization of silver in 1873. Since this demonetization many men have become millionaires, and a few have acquired considerable wealth in the ordinary industries of trade; but we cannot be considered wealthy as a nation when nearly all the wealth is concentrated in the hands of a few. More than half the wealth of the United States is owned by fewer than three per cent. of the people of this country. This centralization of enormous amounts of wealth under the control of the

few has been made possible largely by the demonetization of silver, which has enabled the creditor class to legally confiscate the property of the debtor.

If this country had enjoyed the free coinage of both gold and silver, we would not have had the panics of 1884 and 1893, and all our people would have been constantly employed in the production of wealth. We would probably have been almost, if not quite, twice as wealthy as a nation, and all our private holdings would have been immensely increased. Our public debt, too, might have been entirely wiped out, much to the chagrin of the money-lending class.

It is repeatedly said that the large amount of money lying idle in banking institutions, together with the low rate of interest, are evidences that our country's long lost prosperity is being restored. Many honest-meaning people accept these statements as tending to show that labor is again fully employed, and that industries in general are in full working order; but these fallacious arguments are disproved by the fact that millions of men are out of employment to-day. These idle men, if employed, would engage all the surplus money and many hundred millions more at a higher rate of interest than money now commands.

When prices are falling, manufacturers cannot bor-

row money at any rate of interest and make it profitable; neither can the holder of the idle capital afford to lend it at such times, for he fears the inability of the borrower to pay back even the principal, to say nothing of interest at any rate. But these "idle holders of idle capital" will not suffer so long as prices continue falling, for their money will command more each year.

General prices have fallen in the last five years twenty per cent.; this means an unearned increment of money at the rate of five per cent. per annum, and all holders of money or securities payable in money are benefited to this extent at the expense of the producing and industrial classes. So long as labor in many branches of trade remains employed on half time at cut-rate wages, and so long as the unemployed can be counted by the millions, business will remain stagnant.

By the demonetization act one-half of the full legal tender money supply of the country was stopped. The result has been financial disaster to our people. Remonetize silver and new life-blood will be infused into every form of human industry. This country is capable of supporting many hundred times its present population, and, if given a fair opportunity, it is and will continue to be the greatest nation on earth. An

insufficient amount of money retards progress, while a more adequate supply pushes it forward by leaps and bounds. We have had almost continuous falling prices since silver was demonetized. *Rising or stable prices will not be restored until more full legal tender money is put into circulation.*

The breach between gold and silver was not the result of a change in the cost of production or the over-supply of either metal, and, as there is not nearly enough gold mined to meet the demand for metallic money, both gold and silver, at a fixed ratio, should be received at our mints, without discrimination as to either metal, and coined into money.

Those who oppose the remonetization of silver must be content with the gold range of prices. If the producing and business classes are reduced to the condition of the people during the Dark Ages, or even to the level of the working-classes of Great Britain of to-day, the gold standard will most likely be the cause.

Silver was denied free and unlimited coinage because the bondholders, owners of money, and others with fixed incomes wanted to increase the value of money by driving down the prices of all kinds of property and goods. They knew that by cutting off the annual money supply all their holdings of money and money

securities would each year command more of the products of labor.

Prices have been unjustly forced down fifty per cent., which means an increase of fifty per cent. in the value of money, and when the people demand simply that which was given to them by our Constitution,—viz., the right to keep our mints open to the free and unlimited coinage of silver, as well as of gold, at the legal ratio of sixteen to one, without asking permission of European countries,—these money manipulators cry fraud and repudiation.

The total debts of the world, both public and private, are estimated to be about one hundred and fifty billion dollars. Think of the tremendous loss to the debtor and gain to the creditor when several of the leading nations, in 1873–74, cut off the annual money supply of their people by the demonetization of silver! It is said that many of the debts owing at that time have been paid off, and that the creditor of to-day should not be obliged to suffer loss by materially increasing the annual supply of money. It is true that some of the debts have been paid since silver was demonetized, but others have been increased and new ones made in order to retain possession of goods and property which are constantly falling in price. If the people had any assurance that prices would remain

stable, even at the present low level, their ardent desire for the remonetization of silver might, to some extent, be checked.

Owing to the scarcity of gold and the impossibility of producing it in sufficient quantities to meet the increasing demand for full redemption money, bimetallists know that still further falls of prices in the future are inevitable if our present monetary system is maintained. Have all the capitalists suddenly ceased to grasp for money, or to plan to increase their own fortunes? Have all the bankers and creditors of the country concluded to devote their spare time to the perfection of a monetary system wholly in the interest of the producing and business classes? If we are to believe their statements, they object to the remonetization of silver, not for the reason that it would injure them, but because it would be injurious to the working and business classes. Those who favor the double standard say they want the free and unlimited coinage of silver because it will not only benefit them, but others as well.

The motive of those who were instrumental in demonetizing silver, and of those who now so strenuously object to the United States government reopening the mints to the free coinage of the metal was, and is, a selfish one.

CHAPTER VI

THE GOLD STANDARD

The issue between those who favor bimetallism and the advocates of the gold standard is, that since the demonetization of silver in 1873 the annual supply of gold, including the standard silver dollars coined since that time, has not been sufficient to prevent general prices from falling, and that there is not now enough gold mined, or will be in the future, to prevent a still further fall of prices.

The total value of all the property in the world is estimated to be about three hundred and fifty billion dollars. The total debts of the world, both public and private, are estimated to be about one hundred and fifty billion dollars. This estimate does not include the enormous indebtedness arising from modern commercial transactions. Seventy-five per cent. of the world's business is based on some sort of credit or deferred payment. The value of all property, as measured in money, has been shrinking, while the debts have been increasing. According to the report of the United States Mint, the amount of gold coin in

the world is about four billion dollars; and there is about the same amount of silver coin. Estimates have been made by Mr. W. H. Harvey, showing that all the gold in the world could be put into a space equal to a cube of twenty-two feet.

The population of the world in 1890 was estimated to be about one billion four hundred million. This estimate shows a per capita of less than three dollars in gold. Nearly all the gold coin in the world is withdrawn from circulation either for state hoards, bank reserves, or for private hoarding. In 1893–94 it is estimated that more than three hundred million dollars was withdrawn for state hoards. When we consider the large amount of gold held by the Banks of England, France, Germany, Austria, and Italy, the large sums Russia has locked up for war purposes, the amount held in reserve in the United States Treasury, the gold coin in the vaults of banking institutions, and what is hoarded by private individuals, it will be seen that but little gold is in circulation.

With the increase of population and of production in these countries comes an increased demand for gold. Now that Japan, Spain, Greece, Portugal, Roumania, Brazil, Argentina, Chili, and other countries are all scrambling for this metal, what little there is in circulation will soon be entirely withdrawn.

It is claimed that two hundred million dollars' worth of new gold is produced annually, and that the money supply will be enlarged by the coinage of this new gold. There is not more than one hundred and fifty million dollars' worth of new gold produced each year in the entire world, and the mint reports show only a slight annual increase in the gold coin of the world, most of the new gold being used in the arts.

The advocates of the gold standard insist that as most of the business of the country is transacted with bank credits, checks, bills of exchange, and drafts, when "confidence is restored" no material increase in our money supply will be necessary. Checks, drafts, and bills of exchange could not exist without money; they call for a specific sum in money, and a certain amount of full legal tender is indispensable as a basis of credit. Therefore, if this amount of full money is increased, credit can be increased and more business transacted. Credit is usually extended to its utmost limit. In any country, clearing houses and instruments of credit, instead of being independent of money, are limited in their use to the amount of money in circulation in that country, and can only be increased as the volume of money increases. Since silver was demonetized in 1873 the commercial value of gold has doubled,—that is to say, general prices

have fallen fifty per cent., which indicates that the value of gold has risen fifty per cent. If the gold standard is permanently established in the United States no legislation or power on earth can prevent the continuation of falling prices.

According to the monthly statements of the Treasury Department at Washington, there is about seven hundred million dollars of gold coin in the United States. Other authorities who are not interested in making the amount appear as large as possible, place the total at five hundred million or six hundred million dollars.

If, according to the rulings and opinions of some of our recent Secretaries of the Treasury, most of our paper money, and even the standard silver dollars, are redeemable in gold, and if we have but five or six hundred millions of full redemption money,—that is to say, gold money,—or seven hundred millions, if the Treasurer's report be accepted, the gold standard advocates should instruct their subservient newspapers not to publish the amount of gold held in the United States Treasury, nor the amount hoarded by the banking institutions of the country.

On April 5, 1898, the New York *Herald*, in an article "How Sinews of War would be obtained," said, "The Treasury has an available cash balance of two

hundred and twenty-six million dollars, of which one hundred and seventy-four million dollars is gold. . . . Last Saturday's Clearing House statement showed that the banks of this city hold about one hundred and forty-one millions specie, presumably nearly all gold." With three hundred and fifteen million dollars of this full and only redemption money located in the United States Treasury, and in one city, if the amount in hoarding in the banking institutions of other cities, and in private hands, could be ascertained, there would be found to be practically none in circulation.

Alexander Hamilton in his report in 1791, on the establishment of a mint, declared that to "annul the use of either gold or silver as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full circulation—rising and stable prices—with the evils of a scanty circulation—falling prices."

The Republican party, in the platform adopted at St. Louis in 1896, declared that the gold standard should be maintained until international bimetallism could be established, but knowing this to be impossible to accomplish, it was a virtual declaration in favor of continuing the single gold standard. Senator Teller, an ardent Republican, in a speech delivered at this convention, said, "I believe that the adoption of

the gold resolution will produce hardships; it will increase the distress, and that no legislation touching the tariff can remove the difficulties that now all admit prevail in this land. I believe that the whole welfare of my race is dependent upon a rightful solution of this question; that the morality, the civilization, nay, the very religion of my country is at stake in this contest. . . .

"I say to you now that, with the solemn conviction upon me that this gold plank means ultimate disaster and distress to my followers, I cannot subscribe to it, and, if adopted, I must, as an honest man, sever my connection with the political organization which makes this one of the main articles of its principles. . . . *I cannot, before my country and my God, agree to that provision that shall put upon this country a gold standard, and I will not.*"

The Republican party is committed to the gold standard, which the majority of the members of that party condemned in 1896 in the St. Louis Convention, by declaring their intention to abandon it for international bimetallism as soon as the consent of other nations could be obtained. Nine-tenths of the people of the United States favor the double standard, and would welcome international agreement, but believe it impossible of attainment, and, as a consequence, the

majority favor the re-opening of our mints to the free and unlimited coinage of silver, without waiting for the co-operation of other nations. There are, however, prominent politicians who prefer the single gold standard.

After the St. Louis Convention, Senator Lodge, of Massachusetts, said, "The victory won by the Eastern States in forcing the word gold in the platform, is one that every business man and financier in the United States will appreciate fully." *

Senator Tom Platt, of New York, said, "Our friends are satisfied with the results of their efforts in compelling the adoption of a gold standard platform." † The present administration has formulated and sent to Congress a bill the purpose of which is, the Secretary says, "to commit the country more thoroughly to the gold standard."

At a banquet of the Merchants' and Manufacturers' Association in Baltimore, February 3, 1898, Mr. Gage, in responding to the toast, "The Relation of Business to Government Finances," said, "I desire to point out the fact that our own legal tender notes, dear as they are to the patriotic heart, serviceable as they are in a

* St. Louis Post-Dispatch, June 18, 1896.

† Chicago Record, June 19, 1896.

great crisis, are yet out of accord with the true economic laws. The value for which they were originally issued was immediately consumed or destroyed. As now reissued they are evidences of a value already consumed by the issuer or of service already past. These notes operating in the commercial field, thus differentiated from the time credit instruments which commerce can create, must somewhere work injury, even if we cannot distinctly point it out."

It is a great pity, sir, that "our own legal tender notes" have, in such an obscure way, worked so much injury to our people, and that the eminent financier of the Treasury is unable to point it out. The rise and fall of the value of money, the rise and fall of prices, is so manifest that any one with only a superficial knowledge of finances could, if these notes had worked any injury, "point it out." The truth is, Mr. Gage knows that if these notes could be "destroyed" the creditor class would be benefited by an appreciation of the value of the remaining amount of currency in the country. The amount being reduced, general prices would fall to meet the increased demand for money. Moreover, Mr. Gage and other bankers of the country would like to destroy as much of our paper currency as possible, and thus clear the way for the gold standard and for issues of paper money by the banks.

Compare the above with what James G. Blaine said: "I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce disaster in and throughout the commercial world. The destruction of silver as money and the establishment of gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate, and therefore unfair, advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly seven thousand million of coin or bullion in the world not very unequally divided betweeen gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands."

Between 1850 and 1857, owing to the great increase in the output from the mines, gold fell in value to such an extent that Chevalier, the French economist, in his work "On the Probable Fall in the Value of Gold," said, "Those two countries—California and Australia—must have yet a long series of years to produce gold in such quantities and on such conditions as to render a marked *decline in its value inevi-*

table. . . . We must regard the fall in the value of gold as an event for which we should prepare without loss of time."

Chevalier and other writers on the subject of money about that time advocated the demonetization of gold. The moneyed class actually induced Germany to demonetize gold. The moneyed interests and their representatives who expected to be benefited by the demonetization of one of the metals said, "As governments control the weight and standard of money, they ought, so far as possible, to assure its value." They, therefore, insisted that gold should be demonetized because the output of new gold was being so largely increased each year.*

The annual output of gold for the year 1856 was one hundred and forty-seven million six hundred thousand dollars; in 1869 it had decreased to one hundred and six million two hundred and twenty-five thousand dollars. The attempts towards the demonetization of gold ceased, and the moneyed interests turned their attention towards the demonetization of silver, which was accomplished in 1873. If gold had been demonetized instead of silver, we would not now have any advocates of the gold standard, for these same men

* Arguments presented to the French Monetary Commission of 1869.

would favor a single silver standard, and we would hear much about a cheap gold dollar,—a fifty-cent gold dollar.

Those who now favor the double standard are called anarchists. If they are, many of the leading gold standard men at present were, until very recently, also anarchists. When the Sherman law was being discussed in Congress, in 1890, as a substitute for the Bland-Allison Act,* Major McKinley, speaking in support of the bill, said, "I will not vote against this bill, and thus deprive the people of my country and the laborers and the producers and the industries of my country of thirty million dollars annually of additional circulating medium."

Mr. McKinley wanted the double standard at that time, for he said, "I am for the largest use of *silver* in the currency of the country. I would not dishonor it. *I would give it equal credit with gold.* I would make no discrimination. I would utilize *both metals as money and discredit neither. I want the double standard.*"

He wanted the double standard in 1890. In 1896 no general change in the laws of finance had taken

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* The Bland-Allison Act put into circulation each year silver to the amount of twenty-four million dollars, and the Sherman law increased that amount to fifty-four million dollars.

place, yet Mr. McKinley was induced to support the gold plank of the St. Louis platform. He wanted to be President, and could receive the support and endorsement of the moneyed interests only by pledging himself to maintain the gold standard.

Mr. Bynum, a prominent member of the Indianapolis Monetary Commission, in a speech on silver, delivered in Congress in 1886, said, "Again the advocates of gold approach us with open hands and smiling countenances, but I fear with a dagger concealed beneath their cloaks." In the same speech in opposing the gold standard Mr. Bynum quoted from Senator Ingalls as follows: "No enduring fabric of national prosperity can be builded on gold. Gold is the money of monarchs; kings covet it, the exchanges are affected by it; its tendency is to accumulate in vast masses in the commercial centres, and to move from kingdom to kingdom in such volumes as to unsettle values and disturb the finances of the world; it is the instrument of gamblers and speculators, and the idol of the miser and thief; being the object of so much adoration, it becomes haughty and sensitive, and shrinks at the approach of danger; and whenever it is most needed, it always disappears; at the slightest alarm it begins to look for refuge; it flies from the nation at war to the nation at peace; war makes it a

fugitive; no people in a great emergency ever found a faithful ally in gold; it is the most cowardly and treacherous of all metals; it makes no treaty that it does not break, it has no friend whom it does not sooner or later betray. Armies and navies are not maintained by gold; in times of panic and calamity, shipwreck and disaster, it becomes the chief agent and minister of ruin; no nation ever fought a great war by the aid of gold; on the contrary, in the crises of greatest peril it becomes an enemy more potent than the foe in the field; but when the battle is won and peace has been secured, gold reappears and claims the fruits of victory."

The moneyed interests, by controlling the money supply, reap where they have not sown. The establishment of the gold standard has increased, and if maintained will continue to increase, the value of each dollar. This increase in the value of gold will be shown by the decrease in the price of all property and commodities, business depression, inability to pay debts, and an increased number of idle laborers and men in all branches of business.

People generally in gold standard countries, who have given but little thought to the money question, while speaking of silver as declining in value, never seem to think that gold has risen in value.

In silver-using countries like Mexico, silver instead of gold is the measure of value, and the people, realizing that silver has remained practically stable, know that gold has risen in value. The Mexican silver dollar will buy as much in Mexico to-day as it would twenty or more years ago. We know that the value of silver bullion as measured in gold is less than half what it was in 1873. To ascertain which of the metals has changed in value, we must compare the value of each metal with a list of general prices of commodities in 1873 and of to-day. It will be found that silver has practically as much purchasing power now as it had then, and gold twice as much. Of course there must necessarily be a few temporary exceptions. If, for instance, a commodity like wheat becomes scarce, the demand will force up the price temporarily. When the supply is increased the price will fall. If an article is produced in quantities which exceed the demand, the price must fall, and such fall will retard production until the demand is increased, when the price will rise. The rise and the fall in the value of gold and silver cannot be determined by comparing them with each other, or by the rise and the fall in price of a few commodities. If we take the average price in 1873 of, say, one hundred commodities, and find that the bullion value of silver to-day

will purchase as much of those commodities as in 1873, and that the bullion value of gold to-day will purchase twice as much as it would at that time, it is conclusive evidence that gold has risen in value, while the value of silver has remained practically stable.

Since the commencement of the great political contest of 1896, the publishers of most of the large daily newspapers in the East, as well as many in the West and South, finding themselves unable to produce arguments based on facts in support of the single gold standard, have filled their papers with abuse of the advocates of bimetallism. No imputation has been too unjust and no language too violent to use against those who favor the restoration of silver by admitting it to the mints in free and unlimited quantities the same as gold. The policies and business management of these great modern journals are dictated either by members of big syndicates or by wealthy proprietors, who in some instances live and spend their money in Europe. As a rule, the able men engaged on a newspaper have little to do in determining its policy. The proprietors of the great city dailies necessarily being rich men, naturally run their papers in the interest of the moneyed class. Thousands of well-educated men in this country, because of business pressure and lack of time to study the money ques-

tion, have but little knowledge of the subject, except what they have learned by reading the newpapers. They are naturally led to suppose that journalists, being in constant touch with exchanges and great banking institutions, whose transactions they publish from day to day, must be correctly informed on the money question, and should, therefore, be reliable. These misinformed people should seek to ascertain whether or not the monetary laws that benefit the rich proprietor of their favorite daily are also good for them. The great body of the press, however, of this country, with the exception of these gold standard journals, is coming over to the support of the people in their battle for bimetallism.

The moneyed interests of Europe and this country are organized for the maintenance of the single gold standard in the United States, and ever since the demonetization of silver in 1873, they have been lavish in the use of their money and influence in controlling primaries and conventions, and dictating political platforms. Universities are endowed for the purpose of controlling economic teachings. Statesmen, so called, have been induced or coerced into upholding the gold standard, either by direct bribes or promises of political preferment. Aspirants for the presidency of the United States have been compelled to submit to their

will and allow them to dictate and promulgate all financial legislation.

Well may the members of this organization of the moneyed interests be called "Napoleons of finance," for they boldly entered their enemy's bimetallic camp, and finding an ambitious "major" on the fence, carried him off on a golden litter. They set up before the captive a presidential throne, all glittering with gold, and induced him to repudiate his previous declarations in support of the double standard, and to abandon the cause of the producing and industrial classes.

CHAPTER VII

HONEST MONEY

THE only honest money is that which maintains stability of prices. All who defend the interests of an oppressed people, by advocating the remonetization of silver, are constantly called cranks, repudiators, and anarchists. Those who make these assertions and who have so often been accused of the crime of 1873 and of dishonest acts in manipulating legislation favorable to money contraction, have now turned about, and the robbers accuse the robbed, calling them all kinds of hard names because they refuse to be further fleeced.

The money-changers would dry up the arteries of commerce and gain still further control of the products of labor, if permitted, by "more thoroughly committing the country to the gold standard." Was it honest in 1873, when the business classes were depending upon the free coinage of both gold and silver to regulate the value of money, to surreptitiously demonetize one of these metals without the

knowledge or consent of the voters of this country? A matter of enough importance to double the entire debts of a country should have been voted on at the polls. If it were wrong to demonetize silver it should be remonetized, and the wrong, so far as is possible, should be righted. Those who prate so much about injuring credit—meaning creditors—have no sympathy for the injured debtor. The gold in the gold dollar, though it has doubled in value since 1873, is still called a dollar, and will be so called as long as it is the unit of value. It might continue to increase in value until it would be worth ten times as much as it is at present, and though it would command ten times as much property it would still be a dollar,—neither more nor less.

Senator John P. Jones, on October 24, 1893, in addressing the United States Senate, said, "The gold standard men tell us that all they ask for is good money—honest money. If that is so, then there must be some monstrous juggling with words; for the very pith and marrow of our contention in demanding the restoration of the privilege of full coinage to silver is for good money, honest money,—a money more honest than gold, a money that shall be honest not merely to-day, but in perpetuity. The acute among the gold men very well know that gold

money, under existing conditions, is not an honest money, but an unjust and essentially dishonest money.

"What, then, is an honest dollar? Is it not a dollar which demands at all times the same degree of sacrifice to obtain it?

"Is a dollar 'honest' only when it is increasing in purchasing power,—when it is enlarging its grasp over the products of labor? Is it an 'honest' dollar only when it is exacting more from the debtor than he contracted to pay, and giving more to the creditor than he agreed to receive?"

The "honorable" and "patriotic" gold standard advocates profess to have great fear that if free coinage of silver is again adopted the laboring men will be paid in depreciated money,—"fifty-cent dollars." In relation to what would silver be depreciated? It could be only in relation to gold, which is rising in value, for silver when compared with commodities has remained practically stable. It could not be in relation to the products of labor, for an enlarged supply of currency raises general prices, stimulates production, and gives more and better employment to labor.

It is asked, how can the free and unlimited coinage of silver put money into the pockets of the laboring man? When silver is remonetized every branch of

business will be benefited by rising prices, until the steady level of the bimetallic standard is reached; and, as all classes of industry prosper when prices are rising or continue steady, the working-man will not only be immediately benefited, but will continue to prosper and receive a greater share of the products of his labor. The moneyed interests, however, would have to be content with less. Wages are low because the supply is much greater than the demand. When all the laboring men are at work, the ruinous competition for employment ceases; they can demand, and their employers can afford to pay, better wages.

The people were told, in 1893, that all that was necessary to restore prosperity was to repeal the so-called Sherman law; that prices would be better, and the wheels of progress would again move on. The coinage of fifty-four million dollars of silver, yearly, was discontinued, and prices have fallen since that time twenty per cent. Now this same class of "honorable" and "patriotic" men would destroy all our money except gold, which is too scarce and dear to circulate, and permit the banks to control our currency in their interest to the great detriment of the people. They say "the government should go out of the banking business." Some one has said that "the banks should go out of the governing business."

Debtors suffer loss in proportion to the increase in the value of money. They are obliged to settle their debts in dollars having greater value than at the time the debts were contracted. A rise in general prices—a fall in the value of money—is the loadstone that brings out the hoarded gold and uninvested funds. Money cannot, other things remaining the same, fall in value except by an increase of the amount in circulation. When money is falling in value it becomes more profitable for the holders of it to invest in goods and property which are rising in value. When money is falling or stable in value it is not hoarded and does not accumulate in the banks. All want to get rid of it for things that are rising or stable in value. If prices of commodities are rising in value the investor is benefited as well as the producer, for what he buys one month will have more value the next month and the next year.

We have been hearing much about "maintaining the parity of all our money," an "honest" dollar, "good" money, and "sound" money. Parity with what? Parity with the dollar that is constantly rising in value,—the gold dollar? What the producing classes want is a dollar that will be at a parity with commodities. When the advocates of the gold standard speak of an "honest" dollar,

"good" money, and "sound" money, they have in mind *gold* money. If our country should become involved in a war of much magnitude all these "honorable" and "patriotic" men would call in what little of this "good" and "sound" money might be in circulation and lock it safely up, and paper money and the plain people would have to fight the battles as in the past. All this talk about "sound" money, "good" money, etc., simply means gold money. Why are not the gold advocates honest enough to speak of it as gold? They want a financial system based upon gold, and fail to show where the gold is coming from. They tell us confidence must be restored and plenty of "good," "sound" money will be in evidence. Confidence is not a thing to be called into existence simply by the exercise of the will of man. It must be based on something more tangible.

It is inconceivable that men with ordinary intelligence cannot understand that the gold dollar is valuable only for what it will obtain in exchange; that money is the creation of law, and that if the demand for money is greater than the supply, the value of the dollar will rise,—will have greater purchasing power; that if you have more dollars than are necessary to meet the demand for money, they will fall in value,—will possess less purchasing power; that

the producing classes—those engaged in general industries—and the distributors of wealth are benefited by an ample supply of full legal tender money, and that it is the aim and in the interest of the creditor class to keep the number of dollars in circulation down to the smallest amount possible.

President Cleveland, his banker friends, and the holders of money and bonds, claimed that the fifty-four millions of standard silver dollars which the government put into circulation by the Sherman law of 1890 produced the panic of 1893, and that if the government would stop the purchase of silver, prosperity would be restored. The law was repealed, and instead of restoring prosperity, two hundred and sixty-two million dollars of bonds were issued in order to maintain the gold reserve in the Treasury. It must be remembered that the sale of these bonds for gold was not made until some time after the repeal of the law which, it was claimed, produced the panic. Bondholders, and the moneyed interests generally, knew they had nothing to fear from the further output of the standard silver dollars. Yet this assurance did not prevent the raid on the United States Treasury. The increase in the bonded debt of the United States in 1894–95, during profound peace, was entirely without excuse. If the Secretary had

insisted upon maintaining the legal right of the government to redeem its coin obligations in either silver or gold instead of surrendering the option to the holder of the obligation, no necessity for the issue of interest-bearing bonds to obtain gold in time of peace would have arisen.

Must our government depend upon the dealers in money and securities for its supply of redemption money? Shall the government be at the mercy of those who are pecuniarily benefited by bond issues? In 1893 the moneyed interests and their subsidized newspapers attempted to show that no more silver money would circulate, yet bankers and merchants, in order to obtain it, actually paid a premium for it, ranging from one-half to three per cent.

On August 5, 1893, the following advertisement appeared in the New York *Times* and the New York *Herald*:

"WANTED—SILVER DOLLARS.

We desire to purchase at a premium of ¾ per cent., or $7.50 per thousand, standard silver dollars, in sums of $1000 or more, in return for our certified checks payable through the clearing house.

ZIMMERMAN & FORSHAY, *Bankers*,
11 Wall Street."

It is not necessary that silver dollars should circulate except for use as change, as silver certificates in

any denomination, from one dollar up to any amount, can be issued and put into circulation to take the place of silver dollars.

President Harrison, in one of his messages to Congress, after the law of 1890 was passed, said that the fifty-four millions put into circulation annually equalled only one per cent. of the increase of population and business, and that this new money, going out into all kinds of business enterprises, saved the country from a money stringency at the time of the Baring failure. If this comparatively small amount of new money, equal to only one per cent. of the increase of population and business, could prevent a stringency of money at the time of the Baring failure, a money stringency,—falling prices,—resulting in business depression, might reasonably have been expected if the supply were discontinued.

The fact that after a lapse of five years prosperity is not yet restored, except to a limited number, mostly importers, is conclusive evidence that the panic of 1893 was not caused by the purchase of silver prior to the repeal of the purchasing clause of the Sherman law. The absurd and false theory that the new money put into circulation, by the law of 1890, produced the panic, has therefore to be abandoned.

The only honest dollar is one that will keep at a

parity with the products of labor, and not the dollar that is constantly advancing in value. The coinage of the standard silver dollar between 1890 and 1893 partially retarded the rising value of the gold dollar, but now the gold dollar will continue to rise in value until more full legal tender money is put into circulation, and, as a consequence, the gold dollar will as time passes become a more dishonest dollar.

CHAPTER VIII

FALLING PRICES

SINCE the demonetization of silver, gold has been so steadily appreciating in value that its purchasing power is now double what it was in 1873. The gold dollar being the unit of value, we cannot speak of gold as being at a premium of one hundred per cent.; but this is practically true, for its *purchasing power* has been so increased that, when compared with its command over commodities in 1873, it is actually at a premium of one hundred per cent. The only way to determine the rise in the value of gold is by ascertaining the extent of the fall of general prices. When it is clearly understood that money measures values, it will be seen at a glance that when general prices fall, other things remaining the same, the value of money rises, and that when general prices rise the value of money falls. The claim of the single gold standard advocates, that the fall in general prices has been caused by cheapening the cost of production, cannot be substantiated.

By reference to the Statistical Abstract of the United States, prepared by the Bureau of Statistics, under the direction of the Secretary of the Treasury, it will be seen that a great fall in general prices has occurred since 1873, and that the beginning of the downward tendency was coincident with the demonetization of silver. Silver was at that time worth one dollar and thirty-two cents per ounce; its value now is about sixty cents per ounce, as measured in gold. Take the five leading staples—wheat, corn, oats, cotton, and wool—and note the rise and fall of prices of these commodities as related to the increase and decrease of our money supply. The prices given by the Statistical Abstract are for these products delivered in New York and Eastern markets. The amount received by the producers for these staples was much less.

In 1872 wheat was worth one dollar and forty-seven cents per bushel; in 1895 the price had fallen to fifty-eight cents per bushel. Of course it is to be expected that at times one or more of the hundreds of commodities will materially rise or fall in price from various causes. The gold price of wheat was recently —owing to scarce crops and Chicago manipulation— forced up to one dollar and eighty-five cents per bushel. The price is now about seventy cents per bushel. With good crops in this country and abroad

wheat will, under the gold standard, resume its former price of fifty-eight cents per bushel, and will continue falling if the present monetary system is maintained. For one or two commodities to rise materially in price, while the general trend of the whole is downward, does not in any way destroy the claims made by bi-metallists, that the constant fall in general prices since silver was demonetized has been due to an insufficient money supply.

In 1872 the price of corn in the New York market was seventy cents per bushel; in 1896 it had fallen to thirty-eight cents per bushel. In 1873 the value of the yield per acre of oats was ten dollars and thirty-eight cents; in 1895 it had fallen to five dollars and eighty-seven cents per acre.

Prior to the great gold discoveries in California and Australia, in 1848, when general business depression prevailed all over the land, the price of middling cotton per pound in the New York market was eight cents. In 1864, when the per capita of the United States was about sixty-five dollars, it sold for one dollar per pound; in 1873 it was worth twenty cents per pound, and the price has recently fallen to less than seven cents per pound. In 1865 fine Ohio fleece wool sold in the Eastern markets for one dollar per pound; in 1873 it was worth seventy cents; and in 1895 the

price had fallen to sixteen and one-half cents per pound.

It costs as much now to grow the wool on the sheep's back as it did in 1873, and hundreds of other articles could be named which cost as much to produce now as then, yet prices have fallen one-half since that time. The cost of production of many commodities has undoubtedly fallen, but the lowering of such cost of certain products does not account for the great fall of general prices. Lessening the cost of production of any given number of articles should not necessarily lower the price of the same. If it costs less to produce, profits should be greater and wages higher. There should be a greater and constantly increasing demand for labor; and when the laboring classes are engaged in the production of wealth, the distributors of wealth should find employment. No panic has ever been produced by lowering the cost of production of commodities.

The gold standard men are compelled to admit that the fall of general prices began the year silver was demonetized. They claim that the fall of prices is not due to the demonetization of silver, but to improved methods of production. One would conclude, if not otherwise informed, that the only new inventions and improvements in the various arts have been

inaugurated since silver was demonetized. There has been no period in our history as a nation that has given birth to more great inventions, improved machinery, and means to reduce the cost of commodities than that between 1850 and 1873, yet general prices were steadily rising during that time. Increasing or steady prices are a most powerful incentive to induce men to work and to produce an abundance of wealth. Fewer than three per cent. of the people of the United States are benefited by falling prices.

Since silver was demonetized all of the principal agricultural staples have been declining in price. At times, owing to scarcity, some few have been higher; but the trend of the whole has been persistently downward. The mower, the self-binder, the gang-plough, hay-tedder and hay-loader, and many other improvements in agricultural machinery, were in use prior to 1878, therefore the theory that improved methods of production have materially lowered the cost of production of farm products is not in accord with known facts. The prices of many of the tools and implements that the farmer uses have fallen; but his annual outlay for such articles is small compared with the total price of all his products. Statistics show that the value of the average yield per acre of

wheat, corn, oats, and cotton has, since 1873, fallen more than fifty per cent. The price of these staples, with the exception of the temporary price of wheat, is much below the cost of production, therefore the farmer is not only without the means to obtain money with which to purchase farming implements and household necessities, but is rapidly losing his honest and hard-earned possessions. Thousands of farmers, who formerly cultivated their own farms and reared contented and independent families, have been reduced to the position of day-laborers through no fault of their own. When nearly half the population of the United States is deprived of its power to purchase manufactured articles, those engaged in manufacturing industries must suffer. Mills and furnaces must close, business failures ensue, and operatives and the distributors of wealth must be thrown out of employment and deprived of the ability to purchase anything except the veriest necessaries. Deprive the producers of our farm products of practically all purchasing power, and the disastrous effects will be felt in every branch of business. Unprofitable prices force the farmer to mortgage his farm, which sooner or later is sold for debt, and, finding it impossible to make a living by farming, he goes to the towns and cities and swells the ranks of the unemployed. If

prices were at this time equal to those which prevailed at the time silver was demonetized, the farmers would this year be able to spend nearly two billion dollars more than is possible for them to spend at the present prices of their products.

The following from the *Farm, Field, and Fireside*, February 2, 1895, is in point: "Is the sturdy, self-respecting, independent American farmer decreasing in number and being replaced by the poor starveling renter? A careful student of the conditions here and abroad, Mr. F. P. Powers, says that he is. Mr. Powers quotes figures. Between 1880 and 1890 the number of land-owning farmers decreased in every New England State and the number of tenant-farmers increased. In each of these States there was a marked increase in the percentage of farmers who ploughed the fields of another man, and in the sweat of whose brow somebody in Boston ate cake. In the six States, in the ten years, the land-owning farmers diminished twenty-four thousand one hundred and seventeen, and the tenant-farmers increased seven thousand two hundred and forty-six. The percentage of tenant-farmers in Massachusetts, though not large in 1890, was nearly double what it was in 1880. Over seventeen per cent. of the farmers in Vermont and Connecticut and twenty-five per cent. of the farmers in

Rhode Island were tenants in 1890. In the Western States the same process is going on."

For centuries the precious metals continued to waste away by abrasion, by the result of war, as hidden treasure, and by accidents of shipwreck. This constant decrease of the metals went on unchecked, with the result that the immense amount possessed by the world at the beginning of the Christian era dwindled away until at length it was reduced to only a small fraction of its original quantity. After Columbus discovered the New Continent the annual supply of the metals was trebled by the output from the new mines of America; a new period of rising prices set in, resulting in general prosperity, which enabled the people to throw off the weight of feudalism and oppression. The annual supply of gold and silver from 1802 to 1848 was greatly reduced, and resulted in a very great fall in general prices. Neither of the precious metals was demonetized during that time, and both were mined more or less and coined into money, but the supply was not sufficient to meet the increasing demand arising from the growth of population and business. In 1809 war broke out between Spain and her American colonies, and the people, being engaged most of the time in warfare, neglected the mining of the precious metals, and as a consequence the supply fell

off. General prices fell more than fifty per cent. between 1802 and 1848. When prices began to fall general depression set in, and then as now the cause was said to be over-production. Capital avoided business enterprises because so many were constantly failing. Manufacturers in trying to make profits from the investment of capital resorted to every possible means that ingenuity could suggest to reduce the cost of production. Improved methods, longer hours for the workmen, and starvation wages for employees were of no avail against a constant fall in general prices. The relief came soon after the great discoveries of gold in California and Australia in 1850.

Mr. Robert Giffen, statistician to the London Board of Trade, though a gold monometallist, is honest enough to admit some of the bimetallists' claims, which is more than can be said of most of those of his belief in this country. Mr. Giffen clearly recognizes that when money is scarce more commodities must be given to obtain it than when it is plentiful. In his work "The Case against Bimetallism," he says, "If we were told that copper or iron or wheat were rising because there was a deficiency of the supply of them to meet all the demands, we should accept the statement as a matter of course. But what is true of copper or iron or wheat must equally be

true of any commodity which happens to be the standard monetary substance. If gold or silver is that substance, and gold or silver is increasingly in demand without any corresponding increase in supply, then people who want gold or silver for any purpose must give more for them.

"We see, then, how widely mistaken those monometallists have been who, in their dislike of bimetallism, have denied that the recent great demands for gold in proportion to its supply were likely to have caused a rise in its exchange value for other things. Looked at in this way, the fall of prices is itself a proof that gold, in relation to all the demands for it, has been relatively scarcer than it was. Everybody who has wanted it has had to give more for it. If everybody who wanted coal or pig-iron was giving more for it than before, we should not hesitate to say that coal or pig-iron were relatively more in demand than they had been; and what we should say of coal and pig-iron we must also say of gold or silver in a like case."

Mr. Giffen read a paper before the Statistical Society of London in 1879, in which he said, "There is a general agreement that during the last few years there has been a heavy fall in prices. . . . It is usually a fall in price which cripples the weaker borrowers and causes bad debts, and this is a beginning of losses

by which stronger borrowers are in turn crippled, further falls in prices ensue, and more bad debts and losses are produced. When we see so many failures as are now declared, therefore, we may be sure that they are preceded and accompanied by a heavy fall in prices."

It has been said that wages are nearly as high now as they were when silver was demonetized; and that in some cases they are higher. Wages for skilled labor in or near great manufacturing centres have increased to some extent; but in all the outlying districts, especially in the South and West, wages have decreased. When we consider the number of laborers who are unable to obtain employment and are, in consequence, more or less of the time not receiving any wages at all, it will be found that the total amount paid the wage-earning class, in proportion to the total number of laborers, will have decreased since silver was demonetized. Suppose that skilled labor is receiving more wages at the present time, it is no argument that it is due to the gold standard. Since wage-earners began to organize they have constantly increased their demands for more wages, and when not successful they often prevent a reduction in their wages. Besides, as a nation increases in wealth and productive power wages should increase, even with a

monetary standard worse, if possible, than the present gold standard of this country.

A rise in general prices signifies that money is falling in value because of an increase in its volume. At such times manufacturers are not afraid to invest capital in mills and raw material, for they know that the finished products will sell for more than the cost of production. Wages are not cut down, and laborers are sure of constant employment.

Appreciation of money induces holders of it to hoard and invest only in bonds, instead of industries. Large amounts of capital accumulate in the banking institutions. Bonds paying four, three, and even two per cent. are in great demand. The money-lenders avoid new undertakings and business enterprises, and their bond-holding instinct and greed to clutch gold increases as the value of money increases. The farmers, owing to their small capital and inability to combine or stop producing, are the first to be affected by falling prices. So long as this condition of things lasts we will have hard times and our streets will continue to be filled with hungry and insufficiently clothed men, women, and children.

Our farmers, mechanics, laborers, manufacturers, and distributors of wealth are beginning to realize that the cause of falling prices is currency contraction.

They know that each year they have to give up more of the products of labor to obtain the dollar, and that all kinds of property, except centrally located real estate in large cities and public and private bonds payable in money, must, if sold, be disposed of at reduced prices. The trusts, monopolies, and advocates of the gold standard must be made to understand that they are not the sole law-makers of this republic; that Congress has the power "to coin money and regulate the value thereof;" that, as gold is too scarce and dear, Congress must regulate its value by giving the people more money by the free coinage of silver,— the money of our Constitution. The monometallists must be compelled to remove the corroding shackles from the feet of industry. Labor shall not be enslaved, as during the decadence of the Roman empire, and civilization shall not be extinguished, as was nearly done during the Dark Ages.

CHAPTER IX

THE FREE AND UNLIMITED COINAGE OF BOTH GOLD AND SILVER AT THE PRESENT LEGAL RATIO OF SIXTEEN TO ONE BY THE INDEPENDENT ACTION OF THE UNITED STATES

When a physician is called in to treat a patient, the first and most difficult thing he encounters is the making of a correct diagnosis of the case. When the cause of the malady is ascertained the remedy may be quickly and effectively applied. This country is afflicted with an insufficient metallic money supply. Many have urged that international bimetallism should be accepted as a remedy. This, however, is not practical, for the reason that other nations refuse to adopt the double standard. But why will not independent bimetallism effect the desired cure? Bimetallists believe it will. One thing is certain: if the gold standard is not abandoned it will further impoverish our people by continuing to force prices down, stop production, retard industry and progress, and deprive the people of purchasing power.

Owing to the fact that the population of the United

States has more than doubled in the last thirty years, the demand for money has enormously increased. Large sums are constantly in demand for the development of our unimproved lands and new industrial enterprises. It is, therefore, absurd to maintain that a material increase in our annual money supply would not immediately be absorbed by our industrious and enterprising population.

Any nation that can absorb into its coinage, at a fixed ratio, all the surplus silver or gold bullion produced, can maintain the free, unlimited, and independent coinage of both metals and keep them at a practical parity all the time.

None of the great nations of Europe are comparable in greatness to the United States. You can spread out on a part of this country Great Britain, France, Germany, Austria, Italy, Spain, Greece, Denmark, and Switzerland and have two-thirds of our territory left. If our entire seventy-three million people were located in the great State of Texas, the population per acre would not be so great as that of Germany. Our soil and climate are such that we can produce every article necessary to man. The productive energy of the United States is greater than that of England, Germany, and France combined.

Gold and silver are not found in unlimited quan-

tities. They cannot be produced like iron and lead. All gold- and silver-mining districts are soon exhausted, like those of Ophir, Spain, and the placer mines of California, and new ones have to be discovered, with much loss of time, labor, and capital.

The probabilities now are that for the next few years much more gold than silver will be mined in this country, as well as in other parts of the world. The world's production of gold between 1801 and 1840 inclusive was only $423,535,000. The world's production of silver during that period was $1,062,837,000. The world's production of gold between 1841 and 1873 inclusive was $3,058,069,000, while the world's production of silver during that time was only $1,448,545,000.* Yet, with this wide fluctuation in the production of the precious metals, the commercial parity of the two metals was maintained during that entire time.

For many years France maintained for all Europe the virtual commercial parity of gold and silver at the ratio of fifteen and a half to one. The ratio of the United States being sixteen to one, the world's price for silver was naturally fixed in France, where the highest market prevailed.

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* Treasury Department, Bureau of the Mint.

When our constitutional bimetallic system, the free, unlimited, and independent coinage of both gold and silver at the legal ratio of sixteen to one, is again established, the price of silver bullion will be fixed by the United States government, and no holder of silver bullion in any country will sell it for less than that fixed price, less insurance and transportation charges. Gold would not then have the monopoly it now enjoys, and it would not be so difficult to obtain. The gold dollar would decline in value and the silver dollar would rise in value.

The time is past for deceiving the people with promises of international bimetallism. They demand action that will put into circulation a greater volume of full redemption money. The question to be settled is, how shall it be done? The money-power interests would prefer to contract the annual supply rather than to increase it. The bankers are urging the government to permit bank issues of paper money, which would be merely credit money, subject to inflation or contraction at the will of the bankers. The paper and ink necessary to print several hundred thousand dollars' worth of bank-notes would cost only a few cents. How can such money be more desirable or valuable than silver coin or silver certificates, redeemable in silver coin? If the bank issues of paper money are to

be made "good" and "sound" by the stamp of the government, why is it that silver cannot be made good money in like manner? It must be remembered that bank issues of paper money would not in any way increase the supply of full redemption money, money of final payment, which, according to Mr. Fairchild, ex-Secretary Carlisle, and other gold standard authorities, is gold money. These authorities claim that all our present paper money and the silver dollars as well are redeemable in gold; if this is so, then there are now, according to the report of the Secretary of the Treasury, about one billion dollars of such money redeemable in gold, a sum equal to nearly twice the amount of gold in the whole country. If bank issues of paper money are permitted instead of opening our mints to the free coinage of silver, panics will ensue, and the government will be obliged to continue the borrowing process in order to maintain the gold reserve in the Treasury.

Bimetallists have long since ceased to hope for international bimetallism. They know that our government is already under the control of Lombard Street and Wall Street, and therefore they do not favor committing the country more thoroughly into the hands of the money-changers by allowing the bankers to control our annual money supply.

It is said if we adopt the free coinage of silver our foreign credit would be affected. We pay as interest to foreign nations nearly two hundred million dollars annually, and when our mints are again opened to the free and unlimited coinage of silver, the creditor nations of Europe will by self-interest be coerced into aiding us to maintain the double standard. When the holders of gold money learn that the double standard is again to be adopted, that gold, in consequence, will fall in value, and that the value of all property will rise, they will hasten to exchange their gold for goods and property.

The monetary commission which assembled in Indianapolis formulated plans to more securely establish the gold standard in the United States. These plans proposed that bank-notes should supersede greenbacks and silver certificates; that no more silver dollars should be coined, and that all standard silver dollars should be redeemed in gold. They advised that silver dollars should be melted down and sold as bullion, and also that all silver bullion on hand should be disposed of.

Secretary Gage, in his plan advocating the retirement of the government paper money, admits that the contraction of the currency would probably be more pernicious in two or three years than the interest on

an equal amount of bonds would be for forty years. But he thinks the national banks would issue enough money to prevent much contraction. The people would have to depend upon the honor of the national banks. In giving this great power to the banks, the government is not to require them to redeem their notes in gold; but the United States government is to do so on demand, and the national banks can settle with the government in "any kind of legal tender money at the option of the banks." It was said in 1893 that the panic was produced by the fear that the government could not maintain gold payments if the Sherman law remained longer in force. If all this several hundred millions of money to be issued by the national banks is to be redeemable by the United States government in gold in order to make it "good" and "sound" money, by what force of reasoning does any one conclude that the government is now capable of redeeming such bank issues of paper money in gold and could not, in 1893, keep in circulation fifty-four million dollars of silver annually?

We have heard much about the sugar trust, the oil trust, and numerous other big trusts; but should the banks secure any greater control of the money supply of this nation, all of these trusts put into one gigantic whole would not compare with such a bank

trust in the disastrous effects it would have upon the people.

In 1893, when the bill to repeal the Sherman law was being discussed in the United States Senate, Senator John P. Jones, of Nevada, called attention to the fact that bankers and the moneyed interests, after entirely stopping the coinage of silver, would insist that the government should cease to issue paper money and turn over the prerogative to the banks. He said, "The repeal of the Sherman law, if accomplished, will be but one-half of the scheme of the banks. They desire to get silver first out of the way. The project is, and the determination of the banks is, that they must be permitted to have a monopoly of the issue of money. They insist that the government shall cease the issuance of money and hand over the prerogative to them. By the Constitution the right to coin money was given to Congress. The bankers do not believe that was a wise provision on the part of the framers of the Constitution, who should have devolved this duty upon the banks.

"When silver is out of the way, they will acquiesce in the views of the producers of the country that more money is necessary, and will demand an issue of several hundred million dollars of bonds in order that the country may be enabled to have a sufficient

volume of money to do its business and maintain some degree of prosperity. They hope and expect that by the time they are ready to push this demand the distress of the country will be so great for the want of money that their wishes will be complied with.

"There is no doubt that the distress of the country will be great for the want of money. Distress will continue until relief is obtained by a sufficient supply of money, not, however, bank money, but full legal tender money. It is useless to hope for permanent improvement of industrial conditions—useless to expect that the great masses of idle men will find permanent employment—until a volume of money shall be issued sufficient to arrest the pernicious fall of prices, and give to employers of labor and projectors of great enterprises the reasonable assurance that by employing workmen they will not be losing money. This new money cannot be gold. We already have our distributive share of the gold of the world, and if we temporarily get more we cannot keep it. Silver must therefore be remonetized, unless we are to resort altogether to paper money. The country must have money, and there appears to be no alternative for quartz-mills except paper-mills. This may be an unwelcome dilemma to the national banks and the

creditor classes in general, but if industry is to be revived and maintained in this country it is a dilemma of which those classes must accept either the one horn or the other.

"If the government must issue bonds,—for which, in my opinion, there is no necessity,—why should it not take the bonds into its own possession and deposit them in the Treasury of the United States as security for Treasury notes to be issued by the government without expense to the people? In that case the government would have the advantage of saving the interest on the bonds while they were locked up in the Treasury, which could not be saved if the bonds were placed there as the property of the banks.

"We do not need to issue bonds for gold. We do not need to sacrifice our people for gold. This country does not need to depend upon any other country for money. By reliance upon ourselves, our own resources, and our own people, any development that is necessary in our country will be made without difficulty. We do not need to borrow from other countries for the purpose.

"For, after all, what is it that is necessary for development? Nothing but labor and the products of labor. We have enough men and enough material for all rational and natural development. All that is

necessary in addition is to have a well-regulated system of money of our own."

Gold monometallists contend that we want "money good in any part of the world." There is no such thing as international money. The fact that leading commercial nations admit gold to the mints in unlimited quantities does not prove that gold is preferable to silver as a circulating medium. The demand for gold is so great that it is constantly moving from one country to another, upsetting prices, while silver, the money of the people, remains at home. The gold coin and the silver coin of the United States is not money outside of the jurisdiction of this country; they are as much a commodity as cotton and wheat.

There are a few people who favor the free coinage of silver by changing the ratio from sixteen to one to twenty to one or thirty-two to one. To thus change the present legal ratio of sixteen to one would interfere with existing contracts and would unjustly decrease our small volume of metallic money. The ratio of the leading nations of the world, except the United States, is fifteen and one-half to one, and the proportion of silver to gold in the world is about sixteen to one. Sixteen to one was the legal ratio from 1834 to 1873, and it is the ratio which now

exists between the gold and the silver coins in circulation in this country. Should all nations establish a ratio of thirty-two to one it would be necessary to to recoin four billion dollars of silver coin, and the metallic money of the world would be reduced one-fourth.

The remedy for the gold standard is the free and unlimited coinage of both gold and silver at the present legal ratio of sixteen to one by the independent action of the United States.

In an article to the New York *Journal*, February 6, 1898, William J. Bryan points out the remedy as follows: "In 1896 independent bimetallism was pointed out as the only remedy for the gold standard, and the failure of our Monetary Commission to secure international bimetallism strengthens our contention. The Senate has recently put itself upon record in favor of that plank of our platform which declares that the silver dollar shall have a debt-paying power equal to the gold dollar, and that the government shall not surrender its right to redeem coin obligations in either gold or silver, and the House has declared against the proposition. The effort of the Secretary of the Treasury to secure authority to issue more bonds and his demand for the retirement of greenbacks are in direct opposition to the position above stated. Thus

it will be seen that events, not free silver agitators, are keeping the money question before the country.

"The evil effects of the gold standard are so apparent that the Republican party refuses to become sponsor for the system; it is so indefensible that even Secretary Gage, in his recent speech at Philadelphia, took occasion to say that the President is in favor of international bimetallism, and has the support of all his cabinet in his effort to secure the co-operation of other nations in getting rid of the gold standard.

"But while the Republican party, through the chief executive, still holds out the hope of international bimetallism, none of the party leaders say a word in defence of the double standard, independent or international. Why not? Because international bimetallism can only be defended on the theory that the existing gold standard is unsatisfactory, and the Republican leaders know that the Republican party has no real intention of abandoning the present gold standard, and they cannot, therefore, afford to say anything which would make the people dissatisfied with it. Neither do they, as a rule, say anything in favor of the gold standard, because to do so would at once raise the question, Why, then, is international bimetallism desirable? Occasionally a speaker will be found who will take both sides of the question, as did

Mr. Gage at Philadelphia. After trying to show that the gold standard had been a great blessing to the laboring man, he declared it to be the intention of the Republicans to substitute another system. The question at once arises, If the gold standard has been a blessing to the laboring man, why does not the Republican party advocate its retention rather than its abandonment? International bimetallism will have exactly the same effect as independent bimetallism in raising prices. If a fall in prices is an advantage, then a rise in prices cannot be desirable; and if, on the other hand, a rise in prices, whether obtained through independent bimetallism or through an international agreement, is good, then the fall in prices caused by the gold standard must be admitted to have worked an injury. The fall in prices, extending over the last twenty-five years, has, in fact, been disastrous to the producers of wealth in every gold standard country in the world. . . .

"The stand taken by the Republicans raises the most important question that can confront a nation, namely, the right of the people to legislate for themselves. The Republican platform is the first platform which ever declared in favor of repealing the Declaration of Independence. That platform expressly transfers from America to Europe the right to de-

termine the financial policy of the United States. According to that platform, the American people should seek international co-operation in restoring bimetallism, but must maintain the gold standard until that co-operation is secured. The Republican plan is to invite foreign assistance, but while we may invite, European nations are at liberty to refuse the invitation, and they have thus far done so. The Republican platform, therefore, means that we must have the gold standard as long as European nations favor the gold standard, and can have bimetallism only when they consent to it.

"Recent events have demonstrated that Europe has turned the money question over to England, and England seems to have turned it over to the English financiers, who, on the 22d of last September, met at the Clearing House, pledged themselves to secrecy, decided upon the gold standard, and thus determined our financial policy as long as the Republican plan prevails.

"No one believes that bimetallism will prove a panacea for all political ills, but the money question must be settled before other questions can be reached. Financial independence is a condition precedent to reform along other lines. The power that controls our financial policy can control the policy of our gov-

ernment on every other subject whenever occasion arises for the exercise of that control. Suppose, for instance, that the money question were dropped and the fight against the trusts made the main issue. Much foreign capital is invested in trusts, and foreign financiers could announce that any legislation hostile to trusts would be followed by the withdrawal of foreign capital and a panic. If they can threaten the withdrawal of foreign capital to prevent a change of our financial policy, they can threaten such withdrawal to prevent the annihilation of trusts or the regulation of other corporations. Not only can this threat be made in regard to our domestic policy, but it can be made to prevent the adoption of any foreign policy which does not meet with favor in Europe. We cannot protect the rights of our citizens, avenge an insult to the flag, enforce the Monroe doctrine, or express our sympathy with those who are struggling to be free, if we are to be deterred by the threats of foreign investors. The right to legislate for our people on the money question involves the right to legislate on all questions, and until this right is secured the discussion of other questions will avail nothing. When we have released ourselves from the dictation of foreign financiers and overthrown the local money trust which controls our financial policy, we shall be

in a position to undertake the extermination of other trusts and the protection of our people from all forms of monopolistic oppression. . . .

"Bimetallists contend that gold and silver have been driven apart by hostile legislation, and that they can be brought together by friendly legislation. They contend that legislation favorable to gold has increased the purchasing power of an ounce of gold throughout the world and lowered the general level of prices, while the same legislation has lessened the demand for silver and lowered the gold price of that metal. They contend that the restoration of the free and unlimited coinage by a great nation like the United States will increase the demand for silver to a point where the mints will require all the surplus silver of the world, and thus, by raising the gold price of silver and lowering the purchasing power of an ounce of gold, will restore the parity at sixteen to one, and thereafter maintain the parity at that ratio."

"I know no way of judging the future," said Patrick Henry, "but by the past." Our first coinage law was passed in 1792, and bimetallism was a success from that time until silver was demonetized in 1873. We also know that the gold standard is a failure. As the future can only be judged by the past, we

must insist that our people would be better served by the readoption of our constitutional bimetallic system, the free, unlimited, and independent coinage of both gold and silver at the ratio of sixteen to one, without further solicitation of foreign support.

The opponents of bimetallism contend that if the free and unlimited coinage of silver is again adopted we would be deluged with the silver of the world. An important point in this contention is always lacking; they fail to show where this great flood of silver is coming from. It is reported by the director of the United States Mint that there is about four billion dollars of gold in the world and about the same amount of silver money. About three billion four hundred million dollars of this silver is full legal tender. How absurd it is to say that other nations would send their full legal tender money to the United States, when it is performing all the functions of gold in the payments for commodities, property, and debts in the countries where it is coined! The limited legal tender contains from five to ten cents less silver to the dollar than our dollar, and who can be insane enough to believe that "private individuals" will go to the expense of gathering up this silver, pay express charges and insurance, and ship it to this country? Many people believe the Treasury vaults at Washing-

ton are "groaning" with silver bullion, and that various nations have enormous amounts of silver bullion stored away; while the fact is, there is not twenty-five million ounces of silver bullion anywhere in the world for sale to-day.

We are told that the silver in the arts would be melted down and sent to our mints to be coined into money. This claim virtually admits that there would be a large increase in the value of silver. When the cost of the manufacture of silver and the demand for it in the arts is considered, it is folly to talk of much silver bullion coming from this source; on the other hand, there will continue to be each year a constant demand for more silver in the arts. It has been said that the silver in India would be gathered up and "dumped" into this country. Whatever monetary standard Great Britain may force upon India, silver will continue to be in that country the principal redemption money, and will constantly be in demand in large quantities by the government and people. It is true that India has for centuries drawn from all parts of the world large quantities of silver which was coined into rupees and used in the architectural decorations of numerous beautiful temples. Millions of the inhabitants of India invest their savings in silver, which they have made into ornaments and

sacred charms that are never disposed of except in extreme cases. Lord Herschel's Indian commission reported that during the great famine in 1877–79, when more than five hundred thousand deaths by starvation were recorded, only about twenty-two million dollars' worth of silver ornaments and charms found their way to the mints during the three years' famine.

When bimetallists refute all of these arguments by incontestable facts, they are met by the assertion that the over-production from the mines would deluge us with silver until we would be forced to a silver basis. This is another admission that silver bullion would rise in value, otherwise there would be no inducement for extra exertion in producing the metal. The world's mint records from 1473 to 1873 show great fluctuations in the production of gold and silver,—greater than since silver was demonetized,—and yet practically a steady ratio was maintained between the two metals for that entire time.

When several of the leading nations in 1873–74 demonetized silver, its commercial value as measured in gold was depreciated, and it has continued to fall in value ever since. Silver cannot rise in value until some great nation gives the metal free coinage. According to the mint reports, the world's production of

silver, from 1873 to 1892 inclusive was $2,246,519,000, and that of gold for the same period, $2,157,097,000. The average production of silver over that of gold for this period was, therefore, less than five million dollars a year, an amount equal to only one-tenth the number of standard silver dollars put into circulation by the law of 1890. It is estimated that at least one-fourth of the world's production of silver is used in the arts, and many place the estimate at one-half.

The Sherman law was enacted in 1890, and repealed in 1893; during that time there was purchased annually fifty-four million dollars' worth of silver, yet the amount was not large enough to even prevent the fall of general prices, much less to increase them. Since the beginning of history no nation has ever been deluged with more silver than the people needed for use as money and in the arts. Silver never has been and never will be produced in unlimited quantities.

By the law of 1890 the government is required to maintain the parity of gold and silver. In order to do this the Secretary of the Treasury paid out gold instead of silver. He permitted the creditor to name the kind of money wanted instead of reserving the legal right to pay in gold or silver, but this did not maintain the commercial parity of the two metals.

The value of the bullion in the silver dollar in

1891 was about sixty-five cents; in 1895 it was down to about fifty-two cents. That part of the law of 1890 requiring the maintenance of the parity of the two metals reads as follows: "It being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio." The parity cannot be maintained by discriminating against silver in favor of gold. The free and unlimited coinage of both gold and silver at a fixed ratio creates an unlimited demand for the metals at a fixed price. When silver was denied free and unlimited coinage at the mints its commercial value was lowered, because its principal value, like that of gold, is almost entirely due to its use as money. If all the nations of the world were to discontinue the use of silver as money, its commercial value would probably fall to a few cents an ounce, as measured in gold.

The class of men who want to fasten the gold standard on this country are the money-changers,—the Rothschilds, the Morgans, and those whom they can coerce or control by money, influence, and false representation. The conspiracy to demonetize silver was hatched in London, and the British have had a hand in every move since which has had for its object the forcing of this government to a permanent gold standard basis.

No argument, based on facts, has been advanced which proves that the free and unlimited coinage of silver by the United States alone would not be successful. All arguments against bimetallism are based on fear, apprehension, and prediction. On the other hand, we know that the single gold standard is a failure, and that the advocates of the restoration of the standard silver dollar can cite indisputable facts in support of their contention.

In 1878 the bimetallists gave due warning as to what the result of the demonetization of silver would be. They showed that as the country reached a more thoroughly gold basis an insufficient money supply would produce falls in general prices, causing thousands of business failures, great reduction in the employment of labor, and financial panics. It is folly to expect silver, degraded as it is, to rise in commercial value until at least one of the great nations again gives it free and unlimited coinage, and thus creates an unlimited demand for the metal. Whence cometh the cry, so often heard, of fifty-cent dollars? It is not from the farmer or the laborer, or the debtor class. These constitute the great majority of our seventy-three million population. For the sake of argument, let us suppose, after the United States shall have restored silver to its constitutional legal ratio of sixteen

to one, that its commercial value, as measured in gold, does not rise above its present price; with our mints opened to the free and unlimited coinage of silver, and each dollar coined made a full legal tender for all debts, both public and private, every standard silver dollar in this country would pay as much of debts and taxes as any gold dollar would. Then what becomes of the fifty-cent dollar idea? Ah, we are told our trouble would arise in the settlement of international balances! Only about five per cent. of our people have international balances to settle, and these are principally importers. In international trade commodities are exchanged for commodities and settlement is made by bills of exchange. Gold and silver are used only to settle final balances, and they are not considered as money, but as bullion. The subsidized press and the advocates of gold monometallism try to frighten the toiling classes who have deposits in the savings-banks, by telling them that the free coinage of silver means the cutting down of one-half their deposits. These monometallists would better employ their time in trying to explain why, under the present monetary system, so many of the laboring men, for whom they profess so much sympathy, are hungry and out of employment; and why so much of this money is drawn from the savings-

banks each year to be given to labor unions to support the families of laborers out on strike for living wages.

When money is rising in value it is withdrawn from productive and industrial enterprises, producing hard times. More laborers are thrown out of steady employment and the number of those retaining their places is not increased, as would be the case if money were falling, or stable in value, but instead many are reduced to half-time or a diminution of their pay. When laborers cannot find employment wages decrease, owing to the supply being greater than the demand. Thus the laborer who has money on deposit in the savings-bank, sooner or later is obliged to withdraw his hard-earned savings to meet pressing demands. While, on the other hand, our people could enjoy continuous prosperity if an ample supply of full redemption money were put into circulation. This would stop hoarding and the accumulation of unemployed capital in the banks, relieve productive and business stagnation, and insure constant and remunerative employment to the laborer.

The advocates of the gold standard tell us that if you give free and unlimited coinage to the standard silver dollar, all our gold would be driven out of the country. Bimetallists contend that our gold would

not leave us to any great extent, because the free and unlimited coinage of silver would increase the value of silver and reduce the value of gold; and even if some of the gold should at first go out of the country, or be hoarded, it would only be for a short time, for with silver remonetized new energy would be infused into every class of business and an era of rising prices would set in, and gold and every other kind of money would be in great demand and freely offered. The holders of gold would know that no further unearned increment of money would be possible, and hoarding would cease. But suppose that gold should leave us and go to Europe. According to the report of the Treasury Department, Europe has about three billion dollars of gold. Our six hundred million dollars would, therefore, increase their stock twenty per cent., and the value of gold there would fall. This would be indicated by a rise in general prices. As prices rise there, they would have to bring back the gold here to purchase our products of cotton, wheat, meat, petroleum, iron, and many of our other home products. This money would of necessity be mostly if not entirely gold that would be sent back to purchase our products, for there is no available silver bullion, or silver coin that could be turned into silver bullion, anywhere in Europe. When we consider these facts,

and that the United States produces a large portion of the gold of the world, we must conclude that our gold standard friends are in error in claiming that our gold would, to any extent, leave the country if the United States should open the mints to the free and unlimited coinage of silver at the legal ratio of sixteen to one.

It has been persistently urged by the bond-holding class that if our mints were opened to the free coinage of silver, the silver dollar would fall in value—fall in purchasing power—equal to that of Mexico. There has been no depreciation in the value of the Mexican silver dollar. It will purchase as much in that country now as it would in 1873. The population of Mexico is less than one-sixth that of the United States, with a foreign trade of one-twentieth, and a domestic trade of less than one-hundredth part that of the United States, and, with no such demand for money as in this country, Mexico cannot be expected to materially raise the gold price of silver bullion.

It is said by the gold standard clique that silver has been abandoned by nearly all the civilized nations. The masses of the people have never in any country evinced a desire to discard silver. Silver has been struck down by the plutocrats in Europe and

the money-changers and their chosen representatives in this country. The producing classes in every country in the world to-day demand the free coinage of silver. In England, the farmers, mechanics, and producers of wealth generally are opposed to the gold standard. In 1895 the German Reichstag declared for international bimetallism, and France has for years desired to abandon the gold standard and to open her mints to the free, and unlimited coinage of silver the same as gold.

We have had enough experiments in "trying to do something for silver." Limited coinage of silver since 1873 succeeded only in making the fall in the price of silver bullion more gradual. Neither the Bland-Allison act nor the Sherman law could restore the parity of the metal, although in 1890, when there was a mere prospect that our mints might be opened to the free coinage of silver, the bullion price rose to one dollar and twenty cents an ounce not only in the United States, but in every country in the world. When the United States was purchasing a limited amount of silver, we were only a factor in fixing the price.

So long as the demand for money remains the same, if our gold were withdrawn the silver dollars in taking the place of the gold would be increased in value in proportion to the amount of gold withdrawn, less

the depreciation of the gold when it reached the countries receiving it.

Many people fail to understand why prominent men in Congress, who should be familiar with the money question, favor the gold standard, if it is maintained in the interest of the moneyed class. Most of these men are either planning for the presidency or for positions of distinction in the political arena. Until the closely contested campaign of 1896, many of them avowed more or less openly a preference for the double standard. They know that bimetallists are right in demanding the free coinage of silver, regardless of international agreement. They believe, however, that the power of bankers, creditors, and the moneyed interests generally, by the free use of money, coercion, and political influence will continue to block all financial legislation that tends to stop the increase in the value of money. They are, therefore, desirous of being on good terms with the side which they believe will win the victory at the polls. Besides, they know that the money power interests stand ready to pay their campaign expenses, and to advance their political fortunes in every way that money and their influence can operate.

It is said that we have been on a gold basis since 1873; if so, twenty-five years has been quite

long enough to give it a fair trial. That it has been so far a failure cannot be successfully controverted. Those who uphold the gold standard promise to discard it as soon as possible for international bimetallism. This is not American in spirit. The life—the very existence of our republic depends on an adequate volume of money. If the gold standard ought to be abandoned for international bimetallism, and as we have been on our knees to England and other European nations quite long enough for our national sense of pride, it would seem a sensible thing for us to make our own financial legislation and to cast out the great Rothschild–Morgan gold octopus, and to stop so far as it is in our power to do so this death-struggle for the ever-appreciating gold dollar. We demand of Great Britain the recognition of our Monroe Doctrine, and yet allow her to dictate our financial policy.

If this nation cannot establish a financial system of its own, independent of other nations, those who framed our Constitution were in error when they gave the power to Congress "to coin money and regulate the value thereof." Our national independence, declared in 1776, no longer exists if we must submit to the dictation of the European autocrats. If we must follow a policy dictated by creditor nations, then the

work of Hamilton in framing the first mint act of 1792, which was approved by Jefferson and Washington, was a mistake. We are richer in natural resources than any nation of the world. We are a great debtor nation, and we produce nearly one-half the silver bullion of the world; therefore, why should we continue to conspire with Great Britain, the creditor nation of the world, in discriminating against the free, unlimited and independent coinage of silver, the money of our Constitution, and persist in helping her maintain the single gold standard when it is known that we could not pay one-tenth of our debts in gold if called upon to do so?

National and individual prosperity, liberty, honesty, reason, humanity, and civilization demand the restoration of the standard silver dollar to an equality with the gold dollar at the legal ratio of sixteen to one, without waiting for the consent or co-operation of any other nation.

THE END

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